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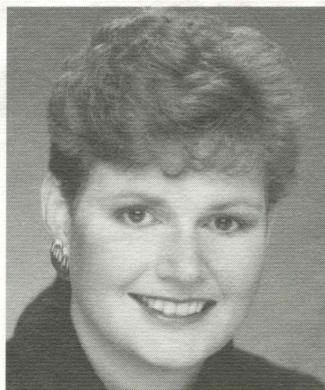
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

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Annual Financial Report



## Board of Trustees



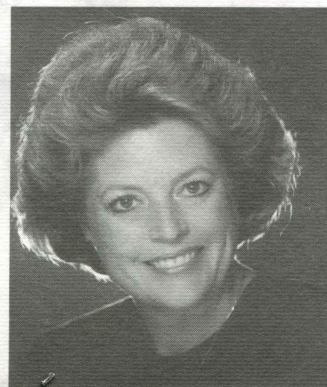
Laurel S. Cochennet  
*Chairman*



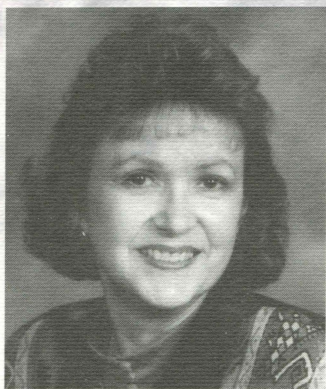
Mary Lou Anderson



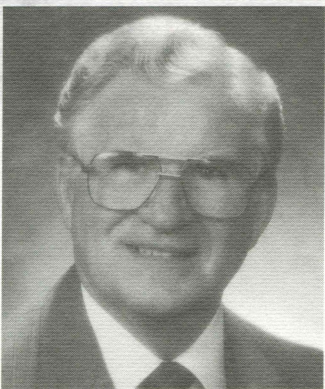
James Daniels



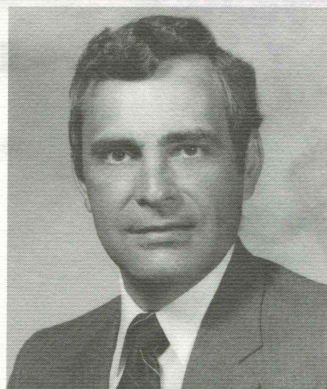
Nancy Gaines



Theresa M. Reger



William J. Wasson



Robert E. Bartman  
*Ex officio*



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## To the Membership:

This report covers the 46th year of the operation of The Public School Retirement System of Missouri, and presents in summary form membership, financial and actuarial data for the 1991-92 year.

The continuing decline in interest rates was reflected in the 1991-92 earnings of the System. Those earnings, based upon a weighted average of invested assets, were at an annual rate of 8.62%, compared to 9.11% in 1990-91 and 9.56% the previous year. Realized capital gain on securities sold, matured or redeemed added about 2.10% to the 1991-92 income, for a total realized income rate of 10.73%.

Readers need to be aware that much of the realized capital gain of 1991-92 — the 2.1% figure — came from sales of stocks and bonds forced by the 1987 state divestiture law. That law requires total disposition of securities of companies doing business in, or with, the Republic of South Africa by September 28, 1992. Many of those securities were sold last year, often at significant gains because most of the stocks had appreciated considerably and because the bonds carried interest rates well above those of current new issues. The same will likely be true to a degree as divestiture is completed in 1992-93. The ultimate effect upon the System may well be unfavorable, however, because the proceeds of those sales must of necessity be reinvested at significantly lower rates of return in today's markets.

Unfunded liabilities, and the period required to amortize those debts, increased significantly last year — from \$1.431 billion and 36 years in 1991 to \$1.493 billion and 42 years in 1992. The unfunded liability represents future benefit liabilities for which funds are not presently on hand, but which must be collected in the future. Each time benefit levels are improved, for which funding is not provided, the liability figure and the amortization period rise. If these are not controlled, benefit costs are loaded unacceptably onto future generations.

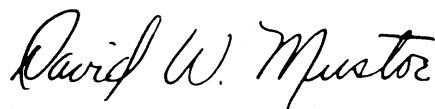
There is provision in current retirement law to reduce the unfunded liabilities of the System without

action by the Missouri general assembly. That is, the Board of Trustees could raise the current 10% contribution rate paid by teachers and matched by their school districts up to the present 10-1/2% statutory limit. The Board has thus far chosen not to do so, even though we have well exceeded the 30-year amortization limit established by long-standing Board policy. Given the current financial plight of many school districts and often frozen teacher salaries, the Board has opted to retain the 10% contribution rate for 1992-93 and 1993-94.

Membership again grew in 1991-92, to 62,046 from the figure of 60,975 last year. Once again, the increase was brought about by more females entering the profession — the male membership actually declined. The current female-male ratio is about 73% to 27% — close to 3 to 1. A total of 1,138 service or disability retirees left the classroom, along with another 1,800 teachers who took lump sum refunds at termination of employment.

The 1993 legislative session will see further efforts to improve or to change the retirement program. This is entirely proper — any retirement plan which meets its members' needs must be subject to constant review and adjustment. The principal legislative role of the Board of Trustees is one of guarding against proposals which would be financially damaging to the System and perhaps threaten the payment of present and promised benefits, while providing technical advice — and occasional suggestions — relative to proposals for change. The Board is essentially an administrative body, which does not usually take a strong advocacy role in designing and changing benefit programs. Most changes in the retirement plan come from the members, working principally through their professional organizations. It is your system, and you must mold it to fit the greatest need of the greatest number.

Please read the report — it is prepared for you — and let the retirement office know of any thoughts, criticisms, or questions you may have concerning it.



David W. Mustoe  
Executive Secretary







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## Auditor's Statement

This report is prepared by the Board of Trustees of The Public School Retirement System of Missouri in compliance with Chapter 169 of the Revised Statutes of Missouri, 1978.

The financial statements of The Public School Retirement System of Missouri for the year ended June 30, 1992, were audited by the independent certified public accounting firm of Williams-Keepers of Jefferson City, Missouri, who issued an unqualified opinion in their report dated December 8, 1992. The audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as were considered necessary under the circumstances.

The auditor's certification statement is not included herein because, for reasons of space limitations and clarity, certain of the financial information set forth in this report is in somewhat different form than that of the auditor's report.

Copies of the audit report are on file at the retirement system office at 701 West Main, Jefferson City, Missouri, and are open to inspection during normal working hours.

The financial statements for the year ended June 30, 1991, were also audited by the independent certified public accounting firm of Williams-Keepers, Jefferson City, Missouri, and an unqualified opinion on those statements was expressed.

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## Statement of Financial Condition

### June 30, 1992 and 1991

#### ASSETS

	1992	1991
<b>CASH</b>		
Custodians Account [Includes Funds in Transit \$1,253,233.63 (1992); \$584,605.15 (1991)]	\$ 1,283,605.41	\$ 616,808.29
Operating Account	396,256.98	359,261.23
Total Cash	\$ 1,679,862.39	\$ 976,069.52
<b>INVESTMENTS</b>		
Bonds - U.S. Government & Corporate	\$ 3,638,874,319.91	\$ 3,099,910,887.08
Bonds - U.S. Government (Zero Coupon)	615,109,304.47	533,304,241.42
GNMA Loans	895,793,648.03	931,958,080.42
FHA/VA Loans	1,321,401.95	2,254,769.81
Common and Preferred Stock	1,023,131,555.85	911,690,961.55
Temporary Investments	502,995,145.00	428,601,158.00
GIC	27,448,138.00	30,333,167.83
Total Investments	\$ 6,704,673,513.21	\$ 5,938,053,266.11
<b>ACCRUED INCOME</b>		
Contributions	\$ 54,230,000.00	\$ 56,120,000.00
Interest on Securities — Government and Corporate	77,463,237.06	66,791,907.92
Interest on GNMA Loans	10,554,413.33	10,258,445.73
Dividends on Common Stock	3,180,964.25	3,188,794.02
Interest on Temporary Investments	1,463,978.85	2,112,186.09
Total Accrued Income	\$ 146,892,593.49	\$ 138,471,333.76
<b>LAND AND BUILDING</b>	\$ 1,322,007.37	\$ 1,364,593.37
<b>TOTAL ASSETS</b>	<b>\$ 6,854,567,976.46</b>	<b>\$ 6,078,865,262.76</b>

#### LIABILITIES AND RESERVES

	1992	1991
Accumulated Contributions of Members	\$ 2,189,921,891.31	\$ 1,980,496,441.27
Accumulated Contributions of Terminated Members	810,978.11	884,991.19
Additional Deposits of Members	395,889.94	423,628.34
Reinstatements — Partial Payments	1,304,638.73	1,257,386.38
Membership Credit Purchases — Partial Payments	574,609.58	568,079.60
Reserve for Benefits to Present Retirants	2,633,645,212.00	2,260,582,394.00
Reserve for Operating Expenses and Future Retirants	1,992,781,690.86	1,799,461,043.54
Reserve for Additional Deposit Annuities	2,162,541.00	2,218,620.00
Contingent Reserve for Investments	\$ 32,970,524.93	\$ 32,972,678.44
<b>TOTAL LIABILITIES AND RESERVES</b>	<b>\$ 6,854,567,976.46</b>	<b>\$ 6,078,865,262.76</b>



# Statement of Net Assets Available for Benefits

## June 30, 1992 and 1991

### ASSETS

	1992	1991
<b>INVESTMENTS — At Cost or Amortized Cost</b>		
Bonds - U.S. Government & Corporate	\$ 3,638,874,320	\$ 3,099,910,887
Bonds - U.S. Government (Zero Coupon)	615,109,304	533,304,241
GNMA Mortgage Loans	895,793,648	931,958,080
FHA/VA Mortgage Loans	1,321,402	2,254,770
Common and Preferred Stock	1,023,131,556	911,690,962
Temporary Investments	502,995,145	428,601,158
GIC	27,448,138	30,333,168
<b>Total Investments</b>	<b>\$ 6,704,673,513</b>	<b>\$ 5,938,053,266</b>
<b>RECEIVABLES</b>		
Contributions	\$ 54,230,000	\$ 56,120,000
Accrued Interest on Bonds	77,463,237	66,791,908
Accrued Interest on Mortgage Loans	10,554,413	10,258,446
Accrued Dividends on Stocks	3,180,964	3,188,794
Accrued Interest on Temporary Investments	1,463,979	2,112,186
<b>Total Receivables</b>	<b>\$ 146,892,593</b>	<b>\$ 138,471,334</b>
<b>CASH</b>		
Custodians Account	\$ 1,283,605	\$ 616,809
Operating Account	396,257	359,261
<b>Total Cash</b>	<b>\$ 1,679,862</b>	<b>\$ 976,070</b>
<b>LAND AND BUILDING</b>	<b>\$ 1,322,008</b>	<b>\$ 1,364,593</b>
<b>NET ASSETS</b>	<b>\$ 6,854,567,976</b>	<b>\$ 6,078,865,263</b>

	1992	1991
<b>MEMBER ACCOUNTS</b>		
Accumulated Contributions — Members	\$ 2,189,921,891	\$ 1,980,496,441
Accumulated Contributions — Terminations	810,978	884,991
Additional Deposits of Members	395,890	423,628
Reinstatements	1,304,639	1,257,387
Membership Service Credit Purchases	574,609	568,080
	<b>\$ 2,193,008,007</b>	<b>\$ 1,983,630,527</b>
<b>RESERVES</b>		
Reserve for Benefits to Present Retirants	\$ 2,633,645,212	\$ 2,260,582,394
Reserve for Operating Expenses and Benefits to Future Retirants	1,992,781,691	1,799,461,044
Reserve for Additional Deposit Annuities	2,162,541	2,218,620
Contingent Reserve for Investments	32,970,525	32,972,678
	<b>\$ 4,661,559,969</b>	<b>\$ 4,095,234,736</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 6,854,567,976</b>	<b>\$ 6,078,865,263</b>



## Statement of Changes in Net Assets Available for Benefits Years Ended June 30, 1992 and 1991

	Member Accounts	
	1992	1991
<b>SOURCES OF NET ASSETS</b>		
Contributions of employers and members—net of refunds	\$ 186,127,118	\$ 177,960,198
Contributions received from state—H.B. 610 (Note 6)		
Investment income		
Gain on sales of investments		
Miscellaneous interest income		
Proceeds from special services and sale of equipment		
FHA and VA discounts realized—15%		
House Bill 610		
Other		
	<u>\$ 186,127,118</u>	<u>\$ 177,960,198</u>
<b>APPLICATION OF NET ASSETS</b>		
Member withdrawals and refunds	\$ 18,525,662	\$ 18,208,454
Member terminations and deaths paid	2,164,577	1,096,775
Loss on sales of investments		
Operating expenses		
Retired employee salaries		
Depreciation on building		
Foreclosure expense		
Transfer to MOSERS		
Benefits paid		
	<u>\$ 20,690,239</u>	<u>\$ 19,305,229</u>
<b>TRANSFERS AND ADJUSTMENTS</b>		
Accumulated contributions and additional deposits of new retirants	\$ (87,298,911)	\$ (73,374,324)
Interest credited to member accounts	131,203,020	118,059,007
Present value of reserve for benefits to present retirants		
Present value of reserve for additional deposit annuities		
Adjustment to receivable from state—H.B. 610		
Other	36,493	1,766
	<u>\$ 43,940,602</u>	<u>\$ 44,686,449</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ 209,377,481</u>	<u>\$ 203,341,418</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Beginning of Year	<u>1,983,630,527</u>	<u>1,780,289,109</u>
<b>End of Year</b>	<u><u>\$ 2,193,008,008</u></u>	<u><u>\$ 1,983,630,527</u></u>



Reserve for Benefits to Present Retirants		Reserve for Additional Deposit Annuities		Contingent Reserve for Investments		Reserve for Operating Expenses and Benefits to Future Retirants	
1992	1991	1992	1991	1992	1991	1992	1991
						\$ 175,972,265	\$ 172,796,383
						3,461,888	—0—
						530,375,265	497,202,054
					\$ 11,686,298	129,458,613	46,964,179
						401,524	355,559
						150,000	150,000
				\$ 12,220	10,470	—0—	24,000,000
—0—	—0—	—0—	—0—	\$ 12,220	\$ 11,696,768	\$ 839,819,555	\$ 765,468,175
					\$ 373	\$ 5,540,848	\$ 4,759,240
						212,755	242,363
						42,586	42,586
						58,504	12,040,316
\$ 224,041,777	\$ 197,398,120	\$ 283,272	\$ 278,401				
\$ 224,041,777	\$ 197,398,120	\$ 283,272	\$ 278,401	—0—	\$ 373	\$ 5,854,693	\$ 17,084,505
\$ 87,337,131	\$ 72,905,481	\$ 67,469	\$ 66,111			\$ 485,993	\$ 402,732
509,767,464	389,971,564					(131,203,020)	(118,059,007)
		159,724	194,222			(509,767,464)	(389,971,564)
						(159,724)	(194,222)
				(14,374)	16,122	(24,000,000)	62
\$ 597,104,595	\$ 462,877,045	\$ 227,193	\$ 260,333	\$ (14,374)	\$ 16,122	\$ (664,644,215)	\$ (507,821,999)
\$ 373,062,818	\$ 265,478,925	\$ (56,079)	\$ (18,068)	\$ (2,154)	\$ 11,712,517	\$ 169,320,647	\$ 216,561,671
2,260,582,394	1,995,103,469	2,218,620	2,236,688	32,972,678	21,260,161	1,823,461,044	1,606,899,373
\$ 2,633,645,212	\$ 2,260,582,394	\$ 2,162,541	\$ 2,218,620	\$ 32,970,524	\$ 32,972,678	\$ 1,992,781,691	\$ 1,823,461,044



## Statement of Changes in the Reserve for Benefits to Present Retirants for 1991-92

<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 2,260,582,394.00</b>
<b>ADD:</b>	
Contributions of 1991-92 Retirants, Beneficiaries and Survivors	87,337,131.36
Adjustment in Present Value of Current Benefits Payable	509,767,464.00
Total	<u>\$ 597,104,595.36</u>
<b>Total Adjusted Balance and Additions</b>	<b>\$ 2,857,686,989.36</b>
<b>DEDUCT:</b>	
Benefits Paid:	
Service Retirement Allowances	\$ 210,043,492.75
Beneficiary Retirement Allowances	6,976,791.06
Disability Retirement Allowances	5,374,179.24
Survivor Benefits	1,151,805.84
Unused Contributions of Deceased Retirants	<u>495,508.47</u>
Total Benefits Paid	<u>\$ 224,041,777.36</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 2,633,645,212.00</u></b>



## Statement of Changes in the Reserve for Operating Expenses and Benefits to Future Retirants for 1991-92

BALANCE, BEGINNING OF YEAR	\$ 1,799,461,043.54
ADD:	
Miscellaneous Adjustments	—0—
Employer Contributions Collectible	522,485.13
Total Beginning Balance and Additions	\$ 1,799,983,528.67
DEDUCT:	
Miscellaneous Adjustments	37,196.27
Adjusted Balance, Beginning of Year	\$ 1,799,946,332.40
ADD:	
Contributions of Employers—Net of Refunds	\$ 175,972,968.37
Income from Securities	659,833,878.37
Miscellaneous Interest Income	551,499.36
Income from Sale of Equipment and Special Services	25.00
Contributions Received from State of Missouri	3,461,888.00
Total	\$ 839,820,259.10
Total Adjusted Balance and Additions	\$ 2,639,766,591.50
DEDUCT:	
Operating Expense	\$ 2,294,980.78
Actuarial Fees and Expense	95,225.00
Investment Expense	3,150,642.00
Retired Employee Salaries	212,755.20
Interest Credited to Additional Deposits 6/30/92	24,931.12
Interest Credited to Member Contributions 6/30/92	131,178,089.01
Depreciation on Building	42,586.00
Adjustment in Present Value of Additional Deposits	159,723.73
Adjustment in Present Value of Reserve for Benefits to Present Payees	509,767,464.00
Contributions Paid to MOSERS	58,503.80
Total	\$ 646,984,900.64
BALANCE, END OF YEAR	\$ 1,992,781,690.86



## Statement of Changes in the Reserve for Additional Deposit Annuities for 1991-92

<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,218,620.00
<b>ADD:</b>	
Additional Deposits—Retired Members	67,469.52
Adjustment in Present Value of Reserve	159,723.73
Interest Waived on Withdrawals and Refunds	—0—
<b>Total</b>	<b>\$ 2,445,813.25</b>
<b>LESS:</b>	
Benefits and Refunds Paid	\$ 283,272.25
<b>Total</b>	<b>\$ 283,272.25</b>
<b>BALANCE, END OF YEAR</b>	<b>\$ 2,162,541.00</b>

## Statement of Changes in the Contingent Reserve for Investments for 1991-92

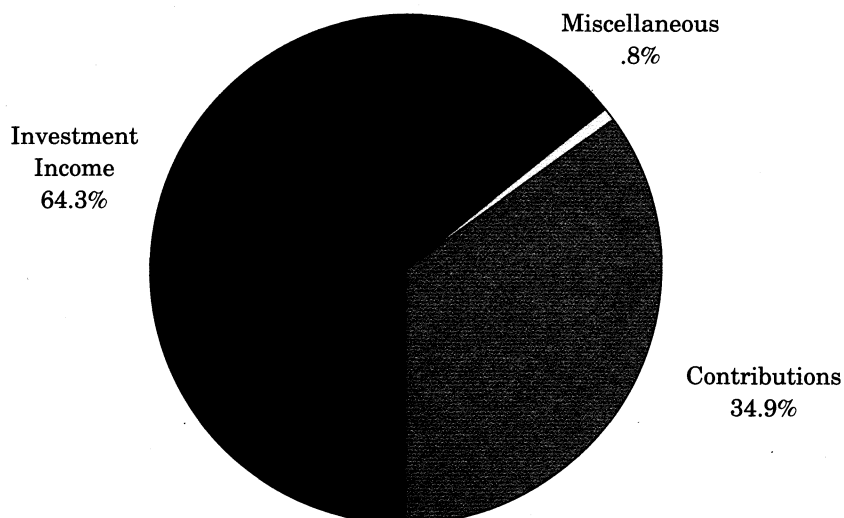
	<b>Bonds</b>	<b>FHA-VA</b>	<b>Stock</b>	<b>Total</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$24,242,722.20	\$ 419,491.47	\$ 8,310,464.77	\$32,972,678.44
<b>ADD:</b>				
15% of Discount Realized in 1991-92 on FHA & VA Loans		12,220.23		12,220.23
FHA Receipts		1,750.04		1,750.04
FHA Receipts		(16,123.78)		(16,123.78)
<b>BALANCE, END OF YEAR</b>	<b>\$24,242,722.20</b>	<b>\$ 417,337.96</b>	<b>\$ 8,310,464.77</b>	<b>\$32,970,524.93</b>



## Statement of Revenues and Expenses for 1991-92, 1990-91

	1992	1991
<b>REVENUES</b>		
Investment Income—Net of Gains/Losses on Sales	\$ 659,831,724.86	\$ 555,878,750.73
Contributions of Members and Employers	359,207,706.72	345,826,622.97
Member Reinstatements and Purchases	7,045,849.10	4,982,304.65
Additional Deposits of Members	14,800.00	13,475.00
Miscellaneous Interest Income	401,499.36	355,559.02
Service Fees and Sale of Equipment	150,025.00	150,000.00
<b>Total Revenue</b>	<b>\$ 1,026,651,605.04</b>	<b>\$ 907,206,712.37</b>
<b>EXPENSES</b>		
Retirement Allowances, Benefits and Death Payments	\$ 226,269,853.36	\$ 198,667,455.31
Retired Employees' Salaries	212,755.20	242,363.43
Withdrawals and Refunds	18,882,849.00	30,420,451.99
Operating Expenses	5,583,433.78	4,799,978.97
<b>Total Expenses</b>	<b>\$ 250,948,891.34</b>	<b>\$ 234,130,249.70</b>
<b>NET EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 775,702,713.70</b>	<b>\$ 673,076,462.67</b>

### Sources of Income June 30, 1992 Total Income \$1,026,651,605.04





## Schedule of Cash Receipts and Disbursements for Years Ended June 30, 1992 and 1991

	1992	1991
<b>BEGINNING BALANCES</b>	\$ 976,069.52	\$ 926,640.26
<b>RECEIPTS:</b>		
Contributions	361,097,706.72	337,916,622.97
Income from Investments	466,748,744.35	443,006,797.95
Redemptions and Sale of Corporate Bonds	944,228,126.49	438,593,030.64
Principal Receipts:		
Pro Capp Securities	3,167,693.68	—0—
GNMA Mortgage Loans	145,359,498.11	80,497,105.09
FHA/VA Mortgage Loans	1,014,836.05	1,147,150.74
Sale of Common and Preferred Stock	343,098,342.70	184,643,226.58
Redemptions of Temporary Investments	2,402,403,998.13	2,151,550,726.96
Reinstatements	3,666,352.86	2,739,490.06
Additional Deposits	14,800.00	13,475.00
Membership Credit Purchases	3,379,496.24	2,242,814.59
Service Fees	150,000.00	150,000.00
Miscellaneous Interest and Income	401,524.36	355,559.02
Redemption from Sale of CPN Bonds	130,203,272.00	22,240,445.00
<b>Total Receipts</b>	<b>\$ 4,804,934,391.69</b>	<b>\$ 3,665,096,444.60</b>
<b>TOTAL RECEIPTS AND BALANCES</b>	<b>\$ 4,805,910,461.21</b>	<b>\$ 3,666,023,084.86</b>
<b>DISBURSEMENTS:</b>		
Investments:		
Purchases of Pro Capp Securities	—0—	—0—
Purchases of U.S. Government Bonds—Zero Coupons	\$ 124,227,309.70	\$ 97,934,948.63
Purchases of Corporate Bonds	1,450,259,312.18	728,543,693.11
Purchases of GNMA Mortgage Loans	105,490,741.41	85,510,226.66
Purchases of Common Stock	384,046,402.40	336,214,881.99
Purchases of Temporary Investments	2,476,797,985.13	2,174,967,401.96
Purchases of Accrued Interest	12,502,542.66	7,787,826.06
<b>Total Investments</b>	<b>\$ 4,553,324,293.48</b>	<b>\$ 3,430,958,978.41</b>



	1992	1991
<b>Allowances and Benefits:</b>		
Service Retirement	\$ 210,043,492.75	\$ 184,744,419.31
Beneficiary Allowances	6,976,791.06	5,998,662.19
Disability Retirement	5,374,179.24	4,994,774.03
Survivor Benefits	1,151,805.84	1,072,433.79
Additional Deposit Annuities	283,272.25	278,400.42
<b>Total Allowances and Benefits</b>	<b>\$ 223,829,541.14</b>	<b>\$ 197,088,689.74</b>
<b>Retired Employees' Salaries</b>	<b>212,755.20</b>	<b>242,363.43</b>
<b>Withdrawals and Refunds</b>	<b>21,323,161.22</b>	<b>31,999,217.56</b>
<b>Operating Expenses:</b>		
Personal Services	1,131,921.84	1,112,988.27
Investment Fees	3,150,642.00	2,499,045.48
Office Equipment Purchases	84,754.62	197,463.30
Postage	60,489.11	62,888.33
Office Equipment—Rental/Maintenance	60,722.16	41,887.57
Fiduciary Insurance	135,154.00	123,268.00
Actuarial Fees	95,225.00	85,190.00
Utilities	61,276.87	62,835.13
Telephone	43,988.61	42,163.82
Office Supplies & Expense	31,161.33	28,912.48
Audit Fees	11,500.00	10,855.00
Staff Field Expense	23,517.55	23,837.46
Building Maintenance/Equipment	12,591.11	25,302.00
Board of Trustees Expense	18,212.85	23,062.62
Information and Publicity Expense	129,958.45	50,879.82
Legal Counsel	377,119.83	265,057.29
Printing	7,699.08	2,778.23
Insurance, Bonding and Computer Training	10,503.75	11,062.98
Medical Examination—Disabilities	1,085.50	696.50
Office Security	756.00	693.00
Election	30,114.71	44,292.70
Miscellaneous	11,653.41	11,106.22
Investment Consulting Expense	50,800.00	31,500.00
<b>Total Operating Expenses</b>	<b>\$ 5,540,847.78</b>	<b>\$ 4,757,766.20</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$4,804,230,598.82</b>	<b>\$3,665,047,015.34</b>
<b>ENDING BALANCES</b>	<b>\$ 1,679,862.39</b>	<b>\$ 976,069.52**</b>
<b>TOTAL DISBURSEMENTS AND BALANCES</b>	<b>\$4,805,910,461.21</b>	<b>\$3,666,023,084.86</b>

\*\*Includes \$584,605.15 Cash in Transit, June 30, 1991



February, 1993

Board of Trustees  
Public School Retirement  
System of Missouri  
Post Office Box 268  
Jefferson City, Missouri 65102

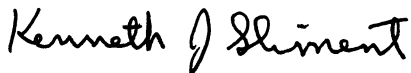
Ladies and Gentlemen:

An actuarial valuation of the System has been performed as of June 30, 1992, in accordance with Section 169.020 of the Revised Statutes of Missouri. Active, inactive and retired Member census data was supplied by the System for this purpose. Asset information was obtained from the auditors' report. Plan provisions, actuarial assumptions and methods used are summarized in our report.

All calculations were made in accordance with generally accepted actuarial principles.

As a result of this valuation, we recommend a contribution rate of 10% of salary for Members and 10% of salary for Employers (6-2/3% for Members with OASI coverage).

Respectfully submitted,



Kenneth J. Sliment, F.S.A.



## RESULTS OF THE ACTUARIAL VALUATION

(All Dollar Figures in Thousands)

The essential results of the June 30, 1992 actuarial valuation are summarized below:

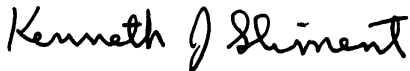
(1) Present Value of Future Benefits for:	
(a) Active Members	\$ 9,757,900
(b) Retired Members	2,635,808
(c) Inactive Members	103,703
(d) Other Liabilities	<u>36,057</u>
(e) Total	\$12,533,468
(2) Present Value of Future Normal Costs	4,161,419
(3) Actuarial Accrued Liability: (1) - (2)	8,372,049
(4) Actuarial Assets of the System	6,878,981
(5) Unfunded Actuarial Accrued Liability: (3) - (4)	1,493,068

With a fixed benefit level and a defined contribution rate, the amortization period for the Unfunded Actuarial Accrued Liability becomes a key item. The procedure has been adopted whereby the funding of the entire System (Normal Cost as well as Unfunded Actuarial Accrued Liability) is accomplished as a level percentage of an expanding payroll (i.e., with increasing dollar contributions). The following development illustrates how this is done:

(6) Total Contribution Rate, Member+District	20.00%
(7) Normal Cost Rate at Mid-Year	17.28%
(8) Rate available for Unfunded Actuarial Accrued Liability: (6) - (7)	2.72%
(9) Number of Years required to Amortize Unfunded Actuarial Accrued Liability with Compensation increases at 6% per year	41.9

This compares with a period of 35.6 years derived from the June 30, 1991 actuarial valuation.

Therefore, we recommend a contribution rate of 10.00% (6-2/3% OASI) for the Members and for the Districts.



Kenneth J. Sliment, F.S.A.



# ACTUARIAL BALANCE SHEET

(in thousands)

## June 30, 1992

### ASSETS

Present Actuarial Value of Assets Creditable To:		
Members' Accumulated Contribution Fund (as reported by auditor)	\$2,191,277	
General Reserve Fund	4,663,291	
Book Value Adjustment	—	
Transfer due from State of Missouri	<u>24,413</u>	
		\$ 6,878,981
Present Value of Future Contributions For:		
Normal Costs	\$4,161,419	
Unfunded Actuarial Accrued Liability	<u>1,493,068</u>	
		\$ 5,654,487
Total Present and Potential Assets		<u>\$12,533,468</u>

### LIABILITIES

Members' Accumulated Contributions:		
Regular Contributions	\$2,188,191	
Reinstatement Purchases	1,879	
Tax-Sheltered Deposits	396	
Terminated Members' Deposits	<u>811</u>	
		\$ 2,191,277
Present Value of Benefits Now Payable To:		
Service Retirants	\$2,489,572	
Disability Retirants	52,474	
Tax-Sheltered Annuitants	2,163	
Survivors	<u>91,599</u>	
		2,635,808
Present Value of Benefits to Active Members		
(in excess of their contributions to date)		7,673,412
Investment Contingency Reserve		<u>32,971</u>
Total Present and Potential Liabilities		<u>\$12,533,468</u>



## Plan Summary

### Administration

The Public School Retirement System of Missouri was created and is governed by Chapter 169 of the Revised Statutes of Missouri. The system is administered by a seven-member Board of Trustees, comprised of four trustees elected from the systems' membership by members and retirees of the system and members and retirees of The Non-Teacher School Employee Retirement System, two trustees appointed by the State Board of Education, and the Commissioner of Education. The board appoints an Executive Secretary as its chief executive officer.

### Revenue

The three primary sources of the System's revenue are members' contributions, employers' contributions, and investment income. The current member contribution rate is 10% of salary, matched by the employer.

### Membership

Membership in the System is mandatory for all full-time certificated employees and optional for eligible part-time employees of public school districts in Missouri, with the exception of the St. Louis and Kansas City districts.

### Membership Credit

A member is granted one year of credit for serving the complete period in the annual term of employment, and proportional credit for serving a partial term.

### Credit Purchases

A member may, under certain conditions, purchase membership credit for services in the St. Louis and Kansas City school districts, for services in a public institution outside the state, and for military service.

### Vesting

A member is vested (may leave contributions with the System until eligible for a retirement benefit) after acquiring five years of membership credit for Missouri service. There are currently 45,443 vested members and 16,603 non-vested members.

### Membership Termination

Membership in the system is terminated by (1) withdrawal of contributions; (2) unemployment in a covered position for more than four of any five consecutive years if the member is not vested; (3) death, or (4) retirement.

### Refunds

A member who ceases covered employment may elect to withdraw the total of the employee's contributions and accrued interest. Upon voluntary withdrawal or upon automatic termination of membership and refund because of consecutive unemployment, all credit and benefit rights are forfeited.

### Reinstatement

If re-employment in covered service occurs following withdrawal or refund of contributions, a new membership is established. The member may regain the credit forfeited through termination of the previous membership by repayment with interest of the amount refunded and service for five years after the return to covered employment.

### Death Benefits

A lump sum refund of the employee's contributions and interest is payable to the designated beneficiary of a member who dies before service retirement. If the beneficiary is an eligible dependent and the member died while in covered employment with at least two years of credit for such service, or while eligible for disability retirement benefits, monthly survivor benefit payments based on a percentage of the member's salary for the last full year of covered service can be elected in lieu of the contribution refund.

Spouses of certain deceased members and disability retirees may elect to forfeit the right to any other death payment and receive instead the monthly service retirement benefit which would have been payable under the Option 1 retirement plan.

### Disability Benefits

A member with five or more years of credit for covered employment who becomes permanently and totally disabled because of physical or mental impairment while serving in covered employment and prior to age 60, or within one year of such employment if the disability is traceable to a period of such employment, may be eligible for disability retirement benefits.

The disability benefit is calculated as the greater of 90 percent of the service retirement benefit payable as though the member were age 60, or 50 percent of the member's salary rate for the last full year of covered employment; but the benefit cannot exceed the amount which would have been payable had the member continued in covered service to age 60 at the same salary rate.

### Service Retirement

A member is eligible for normal service retirement with unreduced benefits at age 55 with 25 years of service credit, any age with 30 or more years of service credit, or at age 60 with at least 5 years of such credit. A member may request early retirement with actuarially reduced benefits at any age with 25 years of credit, or beginning at age 55 with at least 5 years of credit.

The service retirement benefit is determined by multiplying the final average salary times 2.1 percent times the years of service credit, with the provision that the benefit cannot exceed 100 percent of the final average salary. Final average salary is the average of the five highest consecutive years of salary for covered service.

Four optional retirement plans are available for members who elect to take a lesser benefit in order to provide a lifetime monthly income to a designated beneficiary after the retiree's death.

### Post-Retirement Increases

Disability retirees, service retirees and retiree beneficiaries receiving monthly benefits under optional retirement plans are eligible for post-retirement increases beginning the fourth January 1 following retirement. The annual cost of living adjustment is based on the consumer price index for the previous fiscal year. The maximum annual increase is 5 percent, with a lifetime maximum of 56 percent of the retiree's original or base benefit until January of 1995, when the maximum will be raised to 65 percent of the retiree's original or base benefit.



## Summary of Changes in Membership 1991-92

	Male	Female	Total
Membership, June 30, 1991	16,913	44,066 *	60,979 *
Addition to Membership in 1991-92			
New Memberships	902	3,272	4,174
	17,815	47,338	65,153
Membership Terminations in 1991-92			
Service Retirements	481	643	1,124
Disability Retirements	15	17	32
Withdrawals	517	1,310	1,827
Deaths	34	43	77
Unemployment	11	51	62
Cancellations	7	37	44
	1,065	2,101	3,166
Less Previous Terminations, Paid in 1991-92	(22)	(37)	(59)
Net Membership Terminations	1,043	2,064	3,107
Net Change in Membership 1991-92	(141)	1,208	1,067
Membership, June 30, 1992	<u>16,772</u>	<u>45,274</u>	<u>62,046</u>
*Adjusted for reconciliation			



## Summary of Changes in Retired Membership 1991-92

	Service Retirements			Disability Retirements		
	Male	Female	Total	Male	Female	Total
Retired Members, July 1, 1991	4,883	12,500	17,383	153	402	555
Retired During Year	472	634	1,106	15	17	32
Died During Year	143	442	585	15	25	40
Resumed Teaching During Year	8	6	14	0	3	3
Retired After Resuming Teaching	4	9	13	1	0	1
Retired Members, June 30, 1992	5,208	12,695	17,903	154	391	545

## Beneficiaries and Survivors Receiving Benefits June 30, 1992

	Male	Female	Total
Beneficiary Allowances under Option I — IV	165	703	868
Surviving Spouses (without children)	32	172	204
Surviving Spouses (with children)	51	79	130
Surviving Children	6	3	9
Surviving Parents	0	0	0
Total	254	957	1,211

## Eligible for Benefits at 60 or 65

	Male	Female	Total
Surviving Spouses	7	44	51

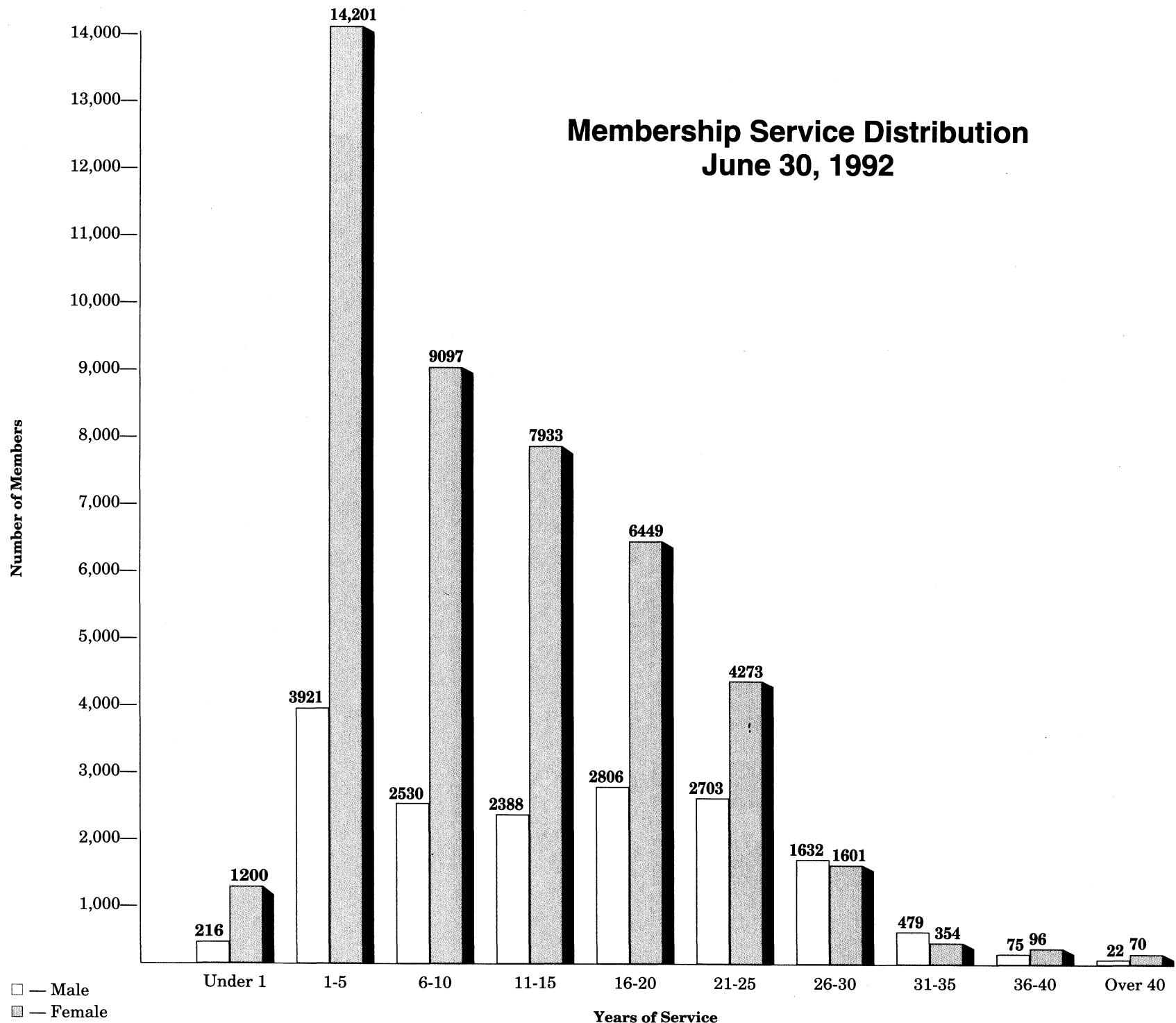


### Ten-Year Summary of Statistics

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
(1) Total Active Membership	54,370	53,909	54,463	54,914	55,798	54,028	55,198	55,888	56,908	57,711
(2) Retired Members	14,408	14,737	15,083	15,515	16,050	16,453	17,005	17,431	17,938	18,448
(3) Assets	\$2,147,310	\$2,478,673	\$2,853,646	\$3,196,269	\$3,661,142	\$4,072,243	\$4,770,072	\$5,405,788	\$6,078,865	\$6,854,567
(4) Investment Income	\$ 196,359	\$ 235,212	\$ 274,807	\$ 310,048	\$ 359,562	\$ 394,982	\$ 466,798	\$ 515,465	\$ 543,202	\$ 659,846
(5) Investment Yield	10.48%	10.56%	10.81%	10.72%	10.81%	10.36%	11.01%	10.66%	9.9%	10.7%
(6) Contributions	\$ 191,611	\$ 211,782	\$ 227,489	\$ 247,460	\$ 267,899	\$ 296,930	\$ 309,266	\$ 328,173	\$ 345,826	\$ 359,207
(7) Benefit Payments and Refunds	\$ 110,668	\$ 114,469	\$ 126,133	\$ 139,297	\$ 150,138	\$ 266,431	\$ 180,012	\$ 215,429	\$ 229,330	\$ 245,365
(8) Administrative Expenses	\$ 1,376	\$ 1,482	\$ 1,576	\$ 1,737	\$ 2,078	\$ 2,334	\$ 3,314	\$ 3,816	\$ 4,757	\$ 5,540
(9) Accumulated Members' Contributions	\$ 845,435	\$ 957,204	\$1,074,475	\$1,200,338	\$1,333,786	\$1,427,755	\$1,605,331	\$1,780,289	\$1,983,631	\$2,193,008
(10) Unfunded Prior Service Liability	\$ 597,068	\$ 688,599	\$ 706,656	\$ 819,262	\$1,006,664	\$ 877,413	\$ 933,473	\$1,398,877	\$1,431,169	\$1,493,068
(11) Present Value of Retirement Benefits	\$ 828,821	\$ 921,714	\$1,017,270	\$1,166,736	\$1,315,631	\$1,464,228	\$1,688,837	\$1,997,340	\$2,262,801	\$2,635,808

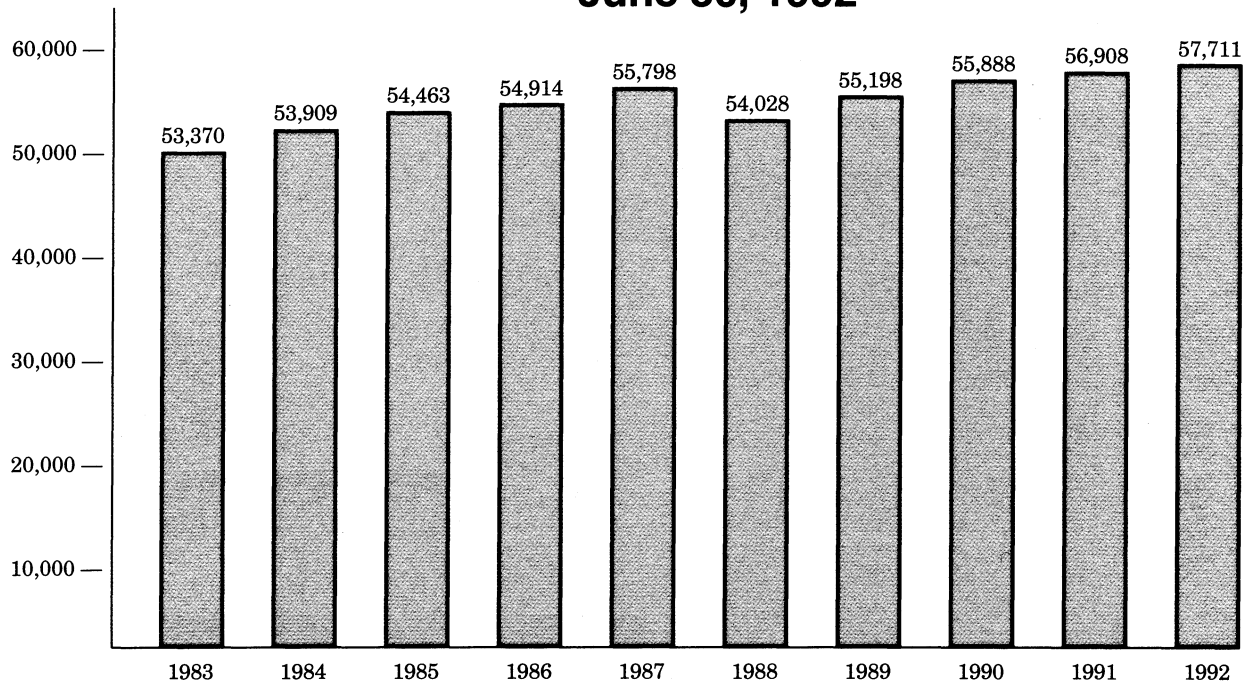
NOTE: All dollar figures cited in thousands; hence, \$196,359 equals \$196,359,000.



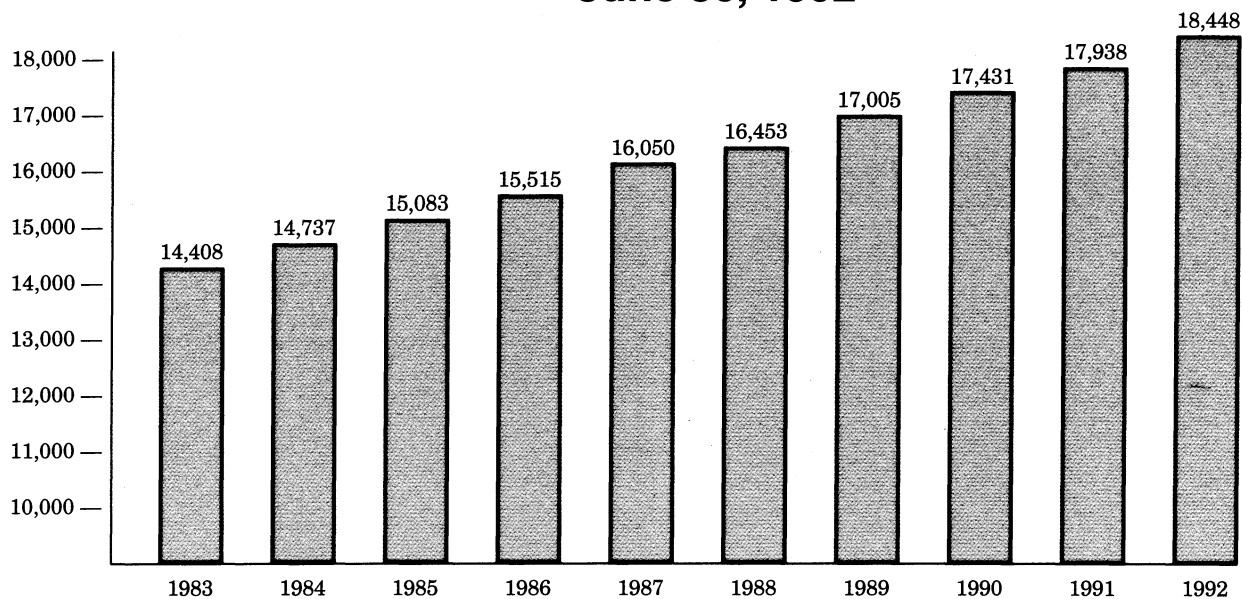




## Ten-Year Summary of Active Membership June 30, 1992



## Ten-Year Summary of Retired Membership June 30, 1992





## Investments

### Investment Agents

Boatmen's Trust Company of St. Louis, Loomis Sayles & Company of Pasadena, and United Missouri Investment Counsel Service continued to be the investment managers of retirement system funds in 1991-92. Investment management is done totally by these entities; there is no "in-house" management. The managers are extended discretionary authority by the retirement system Board of Trustees, within guidelines and limitations established by the Board. Boatmen's currently manages about seventy percent of the portfolio, with Loomis and United Missouri sharing equally the remaining thirty percent. Boatmen's has the major share of the investment management responsibility because it was the sole agent of the system for many years, and retained management authority for all funds under its control when other managers were added. Boatmen's also serves as master custodian and securities lending agent for the retirement system, and provides from its earnings operating funds for benefit payments and administrative expenses.

### Investment Objectives

This retirement system — an actuarial reserve plan — is funded from two sources: member-employer contributions and investment earnings. The higher the earning level, the lower will be the contributions required and, hence, the lower the direct cost to members and employers. The Board of Trustees, acting through its investment managers and consultants, seeks the maximum earnings level achievable within acceptable levels of risk.

An actuarial reserve system accumulates funds during the members' working years to pay benefits to those members in retirement. In estimating the amount of funds necessary to pay those benefits, the actuary assumes a certain long-term annual rate of investment return. For the past several years that earnings rate assumption has been 8%. Earnings beyond that assumption represent an actuarial gain; earnings below 8% represent a loss. Earnings exceeded the assumed earnings rate in 1991-92, and are expected to do so next year. Past actuarial gains have permitted benefit improvements without an increase in the contribution rate of members and school districts. This may not be true in the future as the spread between assumed and actual earnings narrows.

### Investment Performance Review

Individual investment management performance varied slightly among the managers in 1991-92. Overall, the System's fixed income securities outperformed the Lehman Government/Corporate High Grade Index by 250 basis points (16.7% versus 14.2%), but slightly underperformed the Salomon Brothers High Grade Index of 16.8%. Equities significantly underperformed the Dow Jones Industrial Average — 13.5% versus 17.7%, while equalling the Standard and Poor 500 Index of 13.5%. Overall, the system portfolio showed a total return of 15.3%.

Investment income for the 1991-92 year, computed on a weighted average basis, was at an annual rate of 8.62%. This compared to rates of 9.56% in 1989-90 and 9.11% in 1990-91. Purchases for the year totalled approximately \$2.064 billion affording an average yield of 7.23%. Sales, maturities, and redemptions amounted to \$1.455 billion. These dispositions provided net realized gains of \$129.4 million, which when added to the earned income provided a total income rate for the year of 10.732%.

Much of the capital gain realized in 1991-92 was the result of sales and dispositions under Missouri's divestiture law enacted in 1987. That law required total divestiture of securities in any company doing business in, or with, the Republic of South Africa. The divestiture process has been ongoing since the law was enacted, and while significant gains have been realized from these forced sales, reinvestment of sale proceeds at greatly reduced rates of return will seriously impact future earnings of the retirement system.

### Investment Diversification

The continuing growth of the retirement fund will bring the need for additional sources of investment, and the Board of Trustees continually seeks new avenues of investment. The coming years will likely see further diversification of investments into such areas as foreign investments, real estate, and smaller capitalization companies. The Board must always base its investment decisions upon the considered best interests of members and retirees, making certain that while maximizing earnings it is also fully protecting assets which provide the basis for benefit payments.



## Schedule of Investment Income For 1992 and 1991

	1992	1991
<b>GOVERNMENT BONDS:</b>		
Interest Received	\$ 48,498,886.80	\$ 51,579,364.60
Add: Accrued at End of Year	19,911,577.39	12,007,134.35
Net Premium/Discount Accumulation	<u>0</u>	<u>0</u>
	\$ 68,410,464.19	\$ 63,586,498.95
Less: Accrued at Beginning of Year	12,007,134.35	17,145,942.89
Net Income	<u>\$ 56,403,329.84</u>	<u>\$ 46,440,556.06</u>
<b>CORPORATE BONDS:</b>		
Interest Received	\$ 258,356,130.58	\$ 226,108,354.00
Add: Accrued at End of Year	57,551,659.67	54,535,766.16
Net Premium/Discount Accumulation	3,984,233.52	2,879,155.19
Gain on Sale—Corporate Bonds	28,948,013.62	11,686,297.71
	\$ 348,840,037.39	\$ 295,209,573.06
Less: Accrued at Beginning of Year	54,535,766.16	45,878,084.93
Accrued Interest Purchased	12,246,036.62	7,670,226.06
Net Income	<u>\$ 282,058,234.61</u>	<u>\$ 241,661,262.07</u>
<b>GNMA MORTGAGE POOLS:</b>		
Interest Received	\$ 90,161,672.35	\$ 90,314,705.35
Add: Accrued at End of Year	10,554,413.33	10,258,445.73
Net Discount Accumulation and Gain on Sales	3,704,324.31	2,194,681.01
	\$ 104,420,409.99	\$ 102,767,832.09
Less: Accrued at Beginning of Year	10,258,445.73	9,016,373.97
Accrued purchased during year	256,506.04	117,600.00
Net Income	<u>\$ 93,905,458.22</u>	<u>\$ 93,633,858.12</u>
<b>FHA/VA MORTGAGE LOANS:</b>		
Interest Received	\$ 106,685.73	\$ 156,295.28
Add: Discount Accumulation	81,468.19	69,424.23
Net Income	<u>\$ 188,153.92</u>	<u>\$ 225,719.51</u>
<b>MISCELLANEOUS INVESTMENT INCOME:</b>	<u>\$ 26,011.33</u>	<u>\$ 17,976.12</u>
<b>COMMON AND PREFERRED STOCK:</b>		
Dividends Received	\$ 42,366,051.67	\$ 37,548,819.81
Add: Accrued at End of Year	3,180,964.25	3,188,794.02
Gain on Sale	70,492,534.60	45,823,189.50
	\$ 116,039,550.52	\$ 86,560,803.33
Less: Accrued at Beginning of Year	3,188,794.02	2,696,854.09
Net Income	<u>\$ 112,850,756.50</u>	<u>\$ 83,863,949.24</u>
<b>TEMPORARY INVESTMENTS:</b>		
Interest Received	\$ 24,211,379.67	\$ 33,694,384.28
Add: Accrued at End of Year	1,463,978.85	2,112,186.09
	\$ 25,675,358.52	\$ 35,806,570.37
Less: Accrued at Beginning of Year	2,112,186.09	2,584,746.44
Net Income	<u>\$ 23,563,172.43</u>	<u>\$ 33,221,823.93</u>
<b>SECURITY LENDING FEES:</b>		
Amount Received	\$ 795,589.73	\$ 788,871.25
<b>REPURCHASE AGREEMENTS:</b>		
Interest Earned	\$ 91,333.61	\$ 157,325.70
<b>ZERO COUPON BONDS:</b>		
Realized Discount/Gain on Sale	\$ 87,781,025.35	\$ 52,485,811.02
<b>PRO CAPP BONDS:</b>		
Interest Received	\$ 2,149,376.62	\$ 2,640,701.56
Add: Accretion of Accrued Interest	282,663.85	475,764.96
Accrued Interest at End of Year	<u>0</u>	249,007.41
Gain on Sale of Pro Capp Bonds	<u>0</u>	<u>0</u>
	\$ 2,432,040.47	\$ 3,365,473.93
Less: Accrued Interest at Beginning of Year	249,007.41	<u>0</u>
Accrued Interest Purchased	<u>0</u>	<u>0</u>
Net Income	<u>\$ 2,183,033.06</u>	<u>\$ 3,365,473.93</u>
<b>TOTAL INVESTMENT INCOME</b>	<u>\$ 659,846,098.60</u>	<u>\$ 555,862,626.95</u>



# Securities Listing

## June 30, 1992

### US GOVERNMENT BONDS

#### PUBLIC ISSUE

	Par Value	Cost Value	Market Value
American Southwest Financ. 8.9% Due 03-18	\$ 21,000,000	\$ 18,460,312.50	\$ 21,013,020.00
Collateralized Mtg. Secs. Corp. 8% Due 07-21	5,000,000	4,399,218.75	4,814,050.00
Community Program Loan Tr. 4.5% Due 10-18	29,000,000	15,002,860.00	19,828,750.00
Cooperative Utilities Tr. 9.52% Due 03-19	1,750,000	1,743,238.13	1,881,355.00
FBC Mtg. Secs. Trust 18 Col. 8.85% Due 07-18	17,000,000	15,395,625.00	17,116,790.00
Federal Agri. Mortgage Corp. 7.71% Due 07-01	3,000,000	3,000,000.00	3,028,110.00
Federal Agri. Mortgage Corp. 7.92% Due 10-04	2,300,000	2,300,000.00	2,321,551.00
Federal Home Loan Bank 9.5% Due 12-98	5,000,000	5,000,000.00	5,653,150.00
Federal Home Loan Banks Con. 9.8% Due 03-96	2,500,000	2,500,000.00	2,812,500.00
Federal Home Loan Banks Med. 9.15% Due 10-96	4,750,000	4,601,705.88	5,249,747.50
Federal Home Loan Mtg. Corp. 8.5% Due 08-01	2,654,373	2,641,931.11	2,765,326.30
Federal Home Loan Mtg. Corp. 7% Due 03-09	4,500,000	4,037,343.75	4,084,425.00
Federal Home Loan Mtg. Corp. 7% Due 12-06	10,000,000	9,039,062.50	9,565,600.00
Federal Home Loan Mtg. 8.45% Due 08-96	5,000,000	4,995,268.97	5,225,000.00
Federal National Mtg. Assn. 8.5% Due 09-01	13,100,000	13,443,875.00	13,628,061.00
Federal National Mtg. Assn. 8.5% Due 01-11	13,452,800	13,461,208.00	13,553,696.00
Federal National Mtg. Assn. 7.9% Due 04-02	6,450,000	6,544,734.38	6,534,624.00
Federal National Mtg. Assn. 7.05% Due 10-96	5,000,000	5,000,000.00	5,159,350.00
Federal National Mtg. Assn. 7.5% Due 02-02	5,000,000	5,000,000.00	5,056,250.00
Federal National Mtg. Assn. 7.55% Due 04-02	5,000,000	5,000,000.00	5,084,350.00
Federal National Mtg. Assn. 8.875% Due 07-01	5,000,000	5,000,000.00	5,390,600.00
Federal National Mtg. Assn. 8.7% Due 06-99	5,000,000	5,000,000.00	5,453,100.00
Federal National Mtg. Assn. 9.55% Due 03-99	5,000,000	4,983,899.51	5,645,300.00
Federal National Mtg. Assn. 8.0% Due 09-06	9,995,325	9,120,734.06	10,004,620.65
Federal National Mtg. Assn. 9.65% Due 08-20	25,000,000	24,718,750.00	27,789,000.00
Federal National Mtg. Assn. 9.05% Due 05-21	15,000,000	14,939,062.50	15,351,000.00
Federal National Mtg. Assn. 8.35% Due 11-99	5,000,000	4,993,351.47	5,362,500.00
Federal National Mtg. Assn. 8.95% Due 07-97	1,500,000	1,484,088.55	1,653,750.00
Federal National Mtg. Assn. 9.05% Due 04-00	10,000,000	9,924,218.75	11,162,500.00
Federal National Mtg. Assn. 9% Due 10-99	4,500,000	4,494,556.05	4,813,605.00
FHLMC Multiclass Mtg. 8.75% Due 01-06	4,000,000	3,902,500.00	4,020,000.00
FHLMC Multiclass Mtg. 8.5% Due 03-21	5,000,000	4,674,218.75	5,307,800.00
FHLMC Multiclass Mtg. 9.25% Due 06-07	2,500,000	2,471,093.75	2,521,875.00
FHLMC Multiclass Mtg. 9% Due 12-99	5,000,000	4,886,718.75	5,295,000.00
FHLMC Remic. Ser. 9% Due 02-03	12,250,000	11,955,234.37	12,920,565.00
Financing Corp. 9.8% Due 04-18	5,000,000	4,906,443.57	5,890,600.00
FNMA Cap. Deb. 9.4% Due 08-98	5,000,000	4,994,362.63	5,576,550.00
FNMA Cap. Deb. 9.4% Due 08-98	4,500,000	4,494,926.37	5,018,895.00
FNMA Gtd. Remic. Pass Thru CTF 9% Due 01-15	3,000,000	2,919,375.00	3,201,540.00
International Bank for RE 8.4% Due 02-17	23,000,000	20,756,669.38	23,356,500.00
Kidder Peabody Mtg. Assets 9.95% Due 02-19	3,000,000	2,973,750.00	3,304,680.00
P B Coll. Mtg. Oblig. Trust 8.485% Due 10-20	19,572,635	16,213,580.82	18,135,220.24
P-B CMO Tr. 8 Coll Mtg. 7.965% Due 03-19	4,500,000	3,974,062.50	4,339,687.50
Prudential Secs. CMO Tr. 8.6% Due 05-21	18,000,000	17,139,375.00	18,460,800.00
Residential Fdg. Mtg. Secs. 8.5% Due 09-21	17,375,000	17,090,291.83	17,309,843.75
Resolution Tr. Corp. Ser. 8.839% Due 03-21	11,500,000	11,453,500.00	11,787,500.00
Ryland Acceptance Corp. 7.95% Due 01-19	18,352,880	15,006,822.01	15,898,182.47
Ryland Mtg. Secs. Corp. 9.7% Due 11-17	5,500,000	5,455,505.00	5,809,375.00
Sears Mtg. Funding Tr. 8% Due 10-14	25,000,000	21,070,312.50	25,500,000.00
Tennessee Valley Auth. Pow. 8.625% Due 11-29	17,500,000	16,783,403.46	17,997,700.00
Tennessee Valley Auth. Pow. 8.75% Due 10-19	22,500,000	21,783,950.60	23,473,800.00
US Treas. Bd. Call 14% Due 11-11	12,500,000	12,041,370.73	19,449,250.00
US Treas. Bd. Call 8.75% Due 11-08	10,000,000	10,907,300.00	10,950,000.00
US Treas. Notes 6.875% Due 02-94	2,000,000	1,985,312.50	2,069,380.00
US Treas. Notes 7.75% Due 02-01	15,000,000	14,832,031.25	15,623,400.00
US Treas. Notes 6.375% Due 01-99	17,500,000	17,137,304.69	17,199,175.00
US Treas. Notes 7.125% Due 10-98	7,000,000	6,900,468.75	7,177,170.00



**US GOV. BONDS (cont.)**

US Treas. Notes 5.5% Due 02-95  
 US Treas. Notes 6.875% Due 03-97  
 US Treas. Notes 6.875% Due 04-97  
 United States of America 10.75% Due 05-03  
 United States of America 11.75% Due 02-01  
 United States of America 11.875% Due 11-03  
 United States of America 13.375% Due 08-01  
 United States of America 10.75% Due 02-03  
 United States of America 11.625% Due 11-02  
 United States of America 8.5% Due 05-97  
 United States of America 7.25% Due 11-96  
 United States of America 7.625% Due 12-94  
 United States of America 8.125% Due 02-98  
 United States of America 8.25% Due 08-92  
 United States of America 8.375% Due 04-95  
 United States of America 8.5% Due 02-00  
 United States of America 8.625% Due 08-97  
 United States of America 8.625% Due 08-97  
 United States of America 8.875% Due 02-96  
 United States of America 8.875% Due 11-97  
 United States of America 8.875% Due 02-99  
 United States of America 8% Due 08-99  
 United States of America 9% Due 05-98  
 United States of America 9.5% Due 05-94  
 United States of America 8.625% Due 10-95  
 United States Treasury NT 9.25% Due 01-96  
 Westam Mortgage Financial 9.23% Due 06-18

**Total US Government Bonds****Par Value**

\$ 10,000,000  
 13,500,000  
 10,000,000  
 50,000,000  
 50,000,000  
 50,000,000  
 50,000,000  
 25,000,000  
 50,000,000  
 10,000,000  
 12,500,000  
 4,000,000  
 10,000,000  
 4,500,000  
 10,000,000  
 5,000,000  
 10,000,000  
 7,500,000  
 5,000,000  
 10,000,000  
 20,500,000  
 15,000,000  
 5,000,000  
 2,500,000  
 12,500,000  
 10,000,000  
 22,500,000

**Cost Value**

\$ 9,883,984.38  
 13,694,062.50  
 10,028,600.00  
 47,786,387.29  
 50,540,560.99  
 49,641,431.41  
 51,999,771.74  
 24,672,538.73  
 51,447,571.71  
 9,953,652.94  
 12,160,156.25  
 4,027,968.75  
 9,795,433.47  
 4,490,439.82  
 9,831,182.69  
 4,989,843.75  
 9,882,204.87  
 7,410,729.17  
 5,013,971.31  
 9,859,031.15  
 22,491,250.00  
 14,765,692.84  
 4,990,241.24  
 2,511,096.76  
 12,374,844.36  
 9,986,366.63  
 20,355,468.75  
**\$ 989,519,412.57**

**Market Value**

\$ 10,062,500.00  
 13,841,685.00  
 10,246,900.00  
 62,828,000.00  
 64,718,500.00  
 67,312,500.00  
 70,578,000.00  
 31,359,250.00  
 65,890,500.00  
 10,915,600.00  
 13,031,250.00  
 4,231,240.00  
 10,753,100.00  
 4,522,500.00  
 10,775,000.00  
 5,457,800.00  
 10,978,100.00  
 8,233,575.00  
 5,493,750.00  
 11,096,900.00  
 22,786,980.00  
 15,970,350.00  
 5,581,250.00  
 2,707,800.00  
 13,617,125.00  
 11,096,900.00  
 23,062,500.00  
**\$1,141,745,725.41**

**US GOVERNMENT SECURITIES****ZERO COUPONS**

Certificate of Accrual US Tre. Due 11-03  
 Certificate of Accrual US Tre. Due 11-98  
 Certificate of Accrual US Tre. Due 08-99  
 Certificate of Accrual US Tre. Due 08-00  
 Certificate of Accrual US Tre. Due 08-01  
 Certificate of Accrual US Tre. Due 08-02  
 Certificate of Accrual US Tre. Due 02-01  
 Certificate of Accrual US Tre. Due 02-02  
 Certificate of Accrual US Tre. Due 02-06  
 Certificate of Accrual US Tre. Due 08-06  
 Certificates of Govt. Rcpts.Ser. 1 Due 11-03  
 Coupon Treas. Rcpt. Int. Pmt. Due 05-96  
 Coupon Treas. Rcpt. Int. Pmt. Due 11-98  
 Coupon Treas. Rcpt. Int. Pmt. Due 02-99  
 Coupon Treas. Rcpt. Int. Pmt. Due 08-07  
 Federal National Mortgage Assn. Due 02-01  
 Financing Corp. Cpn. Fico. Strips Due 08-93  
 Financing Corp. Cpn. Fico. Strips Due 03-93  
 Government Trust Cdfs. Cl. Due 11-00  
 Government Trust Cdfs. Ser. T-4 Due 05-00  
 Government Trust Cdfs. Cl 1-D Due 05-02  
 Government Trust Cdfs. Ser. 2-F Due 11-95  
 Principal Treas. Rcpt. Prin. Pmt. Due 05-04  
 Resolution Fdg. Corp. Generic Due 04-11

\$ 164,063,000  
 75,000,000  
 70,312,000  
 70,312,000  
 70,312,000  
 70,312,000  
 75,000,000  
 53,500,000  
 75,000,000  
 75,000,000  
 38,500,000  
 7,262,500  
 2,184,570  
 59,580,000  
 92,940,000  
 5,000,000  
 2,400,000  
 7,050,000  
 9,000,000  
 5,000,000  
 15,000,000  
 5,000,000  
 187,500,000  
 59,658,000

\$ 42,928,288.47  
 33,937,657.02  
 26,113,932.86  
 22,919,998.75  
 20,124,746.14  
 17,693,935.88  
 26,265,946.96  
 16,518,120.24  
 14,665,313.22  
 13,835,361.60  
 15,286,084.16  
 5,286,830.46  
 1,181,080.69  
 26,087,205.17  
 18,334,263.23  
 2,415,331.99  
 2,101,902.38  
 6,455,272.88  
 4,362,007.18  
 2,753,051.96  
 6,334,864.76  
 3,610,034.40  
 44,262,992.21  
 12,677,323.62

\$ 67,408,564.81  
 48,381,750.00  
 42,306,027.28  
 38,745,427.60  
 35,465,372.80  
 32,420,863.20  
 39,474,750.00  
 25,750,620.00  
 25,132,500.00  
 24,012,750.00  
 15,647,170.00  
 5,759,235.12  
 1,409,244.26  
 37,391,216.40  
 27,210,043.80  
 2,409,000.00  
 2,293,080.00  
 6,867,969.00  
 4,826,790.00  
 2,798,200.00  
 7,011,150.00  
 4,111,700.00  
 73,488,750.00  
 12,735,193.26



**ZERO COUPON (cont.)**

Resolution Fdg. Corp. Cpn. Strips Due 10-10  
 Resolution Fdg. Corp. Cpn. Strips Due 10-97  
 Resolution Fdg. Corp. Cpn. Strips Due 07-11  
 Resolution Fdg. Corp. Cpn. Strips Due 01-11  
 Resolution Fdg. Corp. Cpn. Strips Due 07-10  
 Resolution Fdg. Corp. Fed. Cpn. Strips Due 04-10  
 Resolution Fdg. Corp. Generic Due 10-11  
 Resolution Fdg. Corp. Strips Generic Due 01-10  
 US West Inc. Liquid Yield Due 06-11  
 United States of America Treas. Due 08-02  
 United States of America Treas. Due 05-05  
 United States of America Treas. Due 02-99  
 United States of America Treas. Due 02-00  
 United States of America Treas. Due 02-09  
 United States of America Treas. Due 08-05  
 United States of America Treas. Due 08-06  
 United States of America Treas. Due 08-01  
 United States Treasury Bond Due 11-14  
 United States Treasury Sec. Str. Due 05-07  
 United States Treasury Sec. Str. Due 05-08

**Par Value**

\$ 37,750,000  
 5,675,000  
 59,658,000  
 59,658,000  
 37,750,000  
 37,750,000  
 59,658,000  
 37,750,000  
 14,000,000  
 15,000,000  
 25,000,000  
 7,500,000  
 5,700,000  
 100,000,000  
 75,000,000  
 50,000,000  
 10,000,000  
 100,000,000  
 84,000,000  
 100,000,000

**Cost Value**

\$ 7,406,007.92  
 3,487,726.97  
 12,170,404.41  
 12,676,379.42  
 7,406,743.69  
 7,739,187.90  
 12,171,353.10  
 7,740,150.58  
 3,648,750.00  
 6,718,972.84  
 7,707,041.97  
 3,969,097.64  
 3,177,477.91  
 21,322,433.28  
 23,760,151.49  
 14,951,298.70  
 4,669,614.59  
 22,114,638.17  
 22,187,701.77  
 23,932,625.89  
\$ 615,109,304.47

**Market Value**

\$ 8,411,077.50  
 4,019,091.75  
 12,476,874.12  
 13,000,671.36  
 8,586,237.50  
 8,778,385.00  
 12,222,134.46  
 8,961,095.00  
 3,692,500.00  
 6,980,850.00  
 9,085,500.00  
 4,730,625.00  
 3,297,336.00  
 26,166,000.00  
 26,689,500.00  
 16,268,000.00  
 5,085,700.00  
 24,632,000.00  
 25,567,920.00  
 27,885,000.00  
\$ 839,593,865.22

**GUARANTEED INSURANCE CONTRACT**

Continental Assurance Co. GIC  
 General American Life Ins. Co. GIC  
 Hancock, John Mutual Life Ins. Group GAC  
 Mutual Life Insurance Co. of NY GIC  
 Mutual of New York GIC #MJ-71196  
 Northwestern National Life Ins. GIC  
 Penn Mutual Life Co. GIC #GRC-90757  
 State Mutual Life Assurance Co.

\$ 1,000,000  
 1,000,000  
 5,000,000  
 5,000,000  
 5,000,000  
 1,000,000  
 2,500,000  
 5,000,000

\$ 1,074,951.00  
 1,542,192.00  
 5,187,420.00  
 5,137,225.00  
 5,217,410.00  
 1,539,390.00  
 2,500,000.00  
 5,249,550.00  
\$ 27,448,138.00

\$ 1,074,951.00  
 1,542,192.00  
 5,187,420.00  
 5,137,225.00  
 5,217,410.00  
 1,539,390.00  
 2,500,000.00  
 5,249,550.00  
\$ 27,448,138.00

**CORPORATE BONDS—PUBLIC ISSUE  
FINANCE**

Aetna Life & Casualty Co. Deb. 8% Due 01-17  
 Aetna Life & Casualty Co. Deb. 8.125% Due 10-07  
 African Dev. Bank Sub Note 9.5% Due 12-95  
 American General Corp. 9.625% Due 02-18  
 American Housing Trust 8.25% Due 06-20  
 American Hsg. Trust 8.5% Due 06-04  
 Associates Corp. North America 7.5% Due 10-96  
 Banc One Corp. 9.875% Due 03-09  
 Bankamerica Corp. 7.875% Due 12-03  
 Bankamerica Corp. 8.75% Due 05-01  
 Bankers Trust NY Corp. 8.125% Due 01-99  
 Bankers Trust NY Corp. 8.625% Due 11-02  
 Bear Stearns Mtg. Cap Corp. 9% Due 10-21  
 Beneficial Corp. 7.625% Due 06-99  
 Berkley (W.R.) Corp. 9.875% Due 05-08  
 C I T Financial Corp. Deb. 8.75% Due 03-08  
 Capital Holdings Corp. Del S F 8.75% Due 01-17  
 Capstead Sec. Corp. II Remic 9.8% Due 03-15  
 Capstead Secs. Corp. III Cmo. 9.2% Due 11-21  
 Capstead Secs. Corp. III Cmo. 9.35% Due 03-19

\$ 14,120,000  
 10,000,000  
 5,000,000  
 9,000,000  
 22,500,000  
 10,000,000  
 7,500,000  
 20,000,000  
 5,000,000  
 6,000,000  
 3,000,000  
 7,000,000  
 9,397,948  
 4,500,000  
 12,500,000  
 5,000,000  
 18,500,000  
 1,366,190  
 6,736,000  
 3,460,000

\$ 11,751,265.77  
 9,958,547.16  
 5,240,000.00  
 8,366,546.47  
 22,113,281.25  
 9,560,937.50  
 7,432,575.00  
 19,579,008.48  
 4,969,339.70  
 5,958,349.85  
 3,000,000.00  
 6,802,690.22  
 9,168,873.02  
 4,500,000.00  
 12,107,817.64  
 5,000,000.00  
 17,856,515.00  
 1,364,803.24  
 6,664,430.00  
 3,372,418.75

\$ 13,096,864.80  
 9,940,800.00  
 5,496,150.00  
 9,512,280.00  
 21,431,250.00  
 10,287,500.00  
 7,651,725.00  
 22,432,400.00  
 4,904,950.00  
 6,093,000.00  
 3,025,770.00  
 7,140,000.00  
 9,256,978.78  
 4,524,570.00  
 14,406,250.00  
 4,964,350.00  
 18,332,760.00  
 1,386,682.76  
 6,609,700.00  
 3,543,455.20



## FINANCE (cont.)

	Par Value	Cost Value	Market Value
Capstead Secs. Corp. IV Cmo. 8.75% Due 01-22	\$ 6,450,000	\$ 6,310,921.88	\$ 6,450,000.00
Carco Auto Loan Master 7.875% Due 03-98	15,800,000	15,396,922.78	16,392,500.00
Chemical New York Corp. Deb. 8.25% Due 08-02	7,000,000	6,855,525.35	6,937,210.00
Chemical New York Corp. Deb. 8.4% Due 04-99	3,000,000	3,000,000.00	3,025,350.00
Cigna Corp. 8.25% Due 01-07	10,000,000	10,000,000.00	10,012,700.00
CIT Group Holdings Deb. 8.375% Due 04-01	7,500,000	7,461,499.25	7,615,275.00
Citicorp Mtg. Secs. Inc. Remic. 9.5% Due 10-19	4,000,000	3,815,600.00	3,935,000.00
Citicorp Mtg. Secs. Inc. Remic. 9% Due 03-12	2,250,000	2,117,812.50	2,347,897.50
Citicorp Notes 8.4% Due 03-07	7,500,000	7,479,584.57	7,385,850.00
Citicorp Sub SF Deb. 8.5% Due 02-17	17,500,000	16,944,897.98	16,328,025.00
Commercial Credit Group Inc. 8% Due 03-94	4,400,000	4,329,468.00	4,578,684.00
Crocker National Corp. Deb. 8.6% Due 12-02	10,000,000	9,763,980.59	10,147,700.00
Discover Credit Card Med. 9.14% Due 03-12	9,000,000	9,000,000.00	9,029,700.00
Exxon Capital Corp. Notes 8% Due 12-95	5,000,000	5,000,000.00	5,294,650.00
Ford Holding Notes 9.25% Due 07-97	5,000,000	4,993,550.00	5,428,650.00
Ford Motor Credit Co. Deb. 7.875% Due 07-93	3,000,000	3,000,000.00	3,000,000.00
Ford Motor Credit Co. Deb. 8.375% Due 11-01	5,000,000	4,964,746.28	5,050,350.00
Ford Motor Credit Co. 8% Due 10-96	5,000,000	4,978,500.00	5,190,600.00
Ford Motor Credit Co. Med. 9.85% Due 03-94	2,000,000	1,966,732.69	2,148,940.00
Ford Motor Credit Co. Notes 8% Due 08-94	5,000,000	4,983,221.03	5,232,150.00
FPL Group Capital Inc. Deb. 10.125% Due 06-17	11,500,000	11,205,959.10	12,160,215.00
General Motors Acceptance 7.5% Due 06-97	10,450,000	10,485,843.50	10,570,802.00
General Motors Acceptance 7.85% Due 11-96	7,500,000	7,482,975.00	7,762,125.00
General Motors Acceptance 8.125% Due 10-96	5,000,000	5,000,000.00	5,025,750.00
General Motors Acceptance 5.5% Due 12-01	20,000,000	9,605,880.90	16,692,600.00
General Motors Acceptance 7.85% Due 11-98	3,000,000	3,000,000.00	3,024,120.00
General Motors Acceptance 8.75% Due 02-00	5,000,000	4,983,423.23	5,067,700.00
General Motors Corp. Med. 8.875% Due 05-03	5,050,000	5,094,541.00	5,210,943.50
Goldman Sachs Group 9.5% Due 05-06	22,500,000	22,500,000.00	24,223,275.00
Household Finance Corp. 7.5% Due 08-95	2,000,000	2,000,000.00	2,000,880.00
Household Finance Corp. 8.2% Due 09-07	4,000,000	4,000,000.00	3,937,240.00
Irving Bank Corp. SF Deb. 12.375% Due 11-07	15,000,000	14,895,986.91	15,993,600.00
ITT Financial Corp. SR Deb. 8.5% Due 12-02	5,000,000	4,976,863.66	5,115,050.00
Manufacturers Hanover Corp. 8.125% Due 08-07	16,000,000	9,749,889.01	9,648,900.00
MBIA Inc. Corp. 9% Due 02-01	8,600,000	9,039,044.00	9,052,962.00
McDonalds Corp. Mtn. 8.75% Due 11-00	5,000,000	4,991,800.00	5,361,650.00
Mercantile Bancorporation Inc. 8.5% Due 01-04	3,300,000	3,274,823.27	3,198,558.00
Norwest Corp. 7.75% Due 03-03	3,500,000	3,500,000.00	3,503,885.00
Painewebber Mtg. Oblig. Inc. 9% Due 03-14	8,661,391	8,639,737.75	8,856,272.53
Progressive Corp. Ohio Deb. 8.75% Due 03-17	13,500,000	13,230,270.00	13,696,155.00
Progressive Corp. Sub Notes 10.125% Due 12-00	15,500,000	16,251,386.62	17,405,880.00
Prudential Home Mtg. Secs. Co. 9% Due 04-21	6,700,000	6,649,750.00	7,051,750.00
Railcar Trust Cmo. 7.75% Due 06-04	15,000,000	14,979,000.00	15,417,187.50
RCSB 1991-A Grantor Trust 7.75% Due 11-96	4,537,304	4,518,871.03	4,673,422.93
Select Auto Receivables 7.4% Due 05-96	6,789,354	6,768,137.66	6,965,198.65
Shearson Lehman Bros. Hldgs. 7.625% Due 06-97	6,755,000	6,715,010.40	6,805,392.30
Shearson Lehman Hldgs. Inc. 8.375% Due 04-97	13,600,000	13,580,552.00	14,069,744.00
Societe Generale New York 9.25% Due 09-99	13,500,000	13,428,329.39	14,291,910.00
Standard Cr Card Master 8.875% Due 07-98	14,600,000	14,502,180.00	15,717,776.00
Standard Credit Card Mtr. 7.875% Due 11-98	9,975,000	9,904,177.50	10,274,250.00
Standard Credit Card Trust 9% Due 03-95	5,000,000	4,972,174.92	5,354,650.00
Standard Credit Card Trust 9.375% Due 06-95	10,000,000	9,966,000.00	10,828,100.00
Torchmark Corp. SF Deb. 8.625% Due 03-17	25,000,000	24,934,165.42	24,333,000.00
Transamerica Financial Corp. 6.5% Due 03-11	39,000,000	31,323,700.00	31,624,710.00
Transamerica Financial Corp. 9.875% Due 03-99	3,047,000	3,039,234.58	3,132,041.77
Travelers Corp. 9.5% Due 03-02	15,000,000	15,000,000.00	15,393,750.00
Wells Fargo & Co. 8.6% Due 04-02	2,133,000	2,133,000.00	2,148,954.84
<b>Total</b>		<b>\$663,453,068.80</b>	<b>\$695,159,069.06</b>



## UTILITIES

	Par Value	Cost Value	Market Value
Alabama Power 1st Mtge. 8.75% Due 12-21	\$ 17,500,000	\$ 17,406,550.00	\$ 17,789,975.00
Alabama Pwr. Co. 1st Mtg. 7.75% Due 09-02	2,500,000	2,472,500.00	2,485,400.00
American Telephone & Telegraph 7% Due 02-01	5,000,000	4,653,450.00	4,894,850.00
American Telephone & Tele. 7.125% Due 01-02	2,250,000	2,225,520.00	2,195,572.50
Appalachian Power Co. 8.34% Due 02-22	15,000,000	14,909,250.00	15,013,950.00
Baltimore Gas & Electric 7.5% Due 01-17	3,500,000	3,444,385.00	3,399,445.00
Baltimore Gas & Electric 4% Due 03-93	200,000	200,231.55	199,166.00
Bell Telephone Co. 8.75% Due 04-26	23,000,000	21,141,203.64	23,522,100.00
Carolina Power & Light 7.875% Due 04-04	5,000,000	4,965,900.00	5,015,300.00
Carolina Pwr. & Lt. Co. 1st Mtg. 9% Due 04-22	25,000,000	24,712,500.00	26,081,000.00
Cincinnati Gas & Electric Co. 9.15% Due 11-04	3,000,000	3,000,000.00	3,088,530.00
Cleveland Electric Illuminating 9.85% Due 05-10	5,000,000	5,000,000.00	5,203,900.00
Commonwealth Edison Co. 8.125% Due 01-07	25,500,000	25,335,193.42	25,497,705.00
Commonwealth Edison Co. 8% Due 08-01	5,000,000	4,966,050.00	5,069,450.00
Consolidated Edison Co. 7.9% Due 04-99	2,500,000	2,500,000.00	2,521,500.00
Dayton Power & Light 8.875% Due 12-16	14,000,000	14,000,000.00	14,402,080.00
Delmarva Power & Light 7.5% Due 05-99	2,500,000	2,487,850.00	2,494,525.00
Duke Power Co. 1st & Ref. 8.125% Due 09-07	5,500,000	4,900,332.95	5,641,515.00
Duke Power Co. 1st & Ref. 8.5% Due 02-17	17,000,000	16,825,960.47	16,842,070.00
Duke Power Co. 1st & Ref. 7.75% Due 06-03	3,000,000	3,012,190.62	2,981,790.00
Duke Power Co. 1st & Ref. 7% Due 06-00	8,500,000	8,247,805.00	8,364,425.00
Duke Power Co. 1st & Ref. 9.625% Due 02-20	7,000,000	6,749,820.00	7,523,320.00
Florida Power & Light Co. 9.01% Due 10-21	12,500,000	12,500,000.00	12,869,125.00
Florida Power & Light Co. 8.5% Due 01-22	6,000,000	5,952,420.00	5,939,400.00
Georgia Power Co. 7.875% Due 06-03	3,000,000	3,006,111.43	2,961,990.00
Houston Lighting & Power Co. 8.75% Due 03-22	17,000,000	16,855,500.00	17,281,520.00
Houston Lighting & Power Co. 9% Due 03-17	1,305,000	1,295,593.68	1,342,818.90
Idaho Power Co. 8.75% Due 03-27	7,500,000	7,500,000.00	7,607,775.00
Illinois Power Co. 8.25% Due 11-07	3,500,000	3,162,641.26	3,511,165.00
Michigan Bell Telephone Co. 7.85% Due 01-22	25,000,000	24,575,250.00	23,521,000.00
Monongahela Power Co. 8.875% Due 08-19	5,500,000	5,500,000.00	5,660,545.00
Mountain States Telephone 7.875% Due 11-16	4,950,000	4,789,125.00	4,637,704.50
Mountain States Telephone 9.25% Due 12-14	20,000,000	17,108,978.66	21,054,200.00
Mountain States Telephone 7.75% Due 06-13	3,000,000	3,000,000.00	2,880,510.00
New England Telephone 9% Due 03-26	22,500,000	20,948,950.00	23,501,700.00
New York Telephone Co. 8.875% Due 03-15	17,500,000	15,649,293.57	18,166,225.00
New York Telephone Co. 9% Due 05-14	4,500,000	4,055,580.00	4,624,695.00
Northern States Power Co. 9.125% Due 04-21	13,365,000	13,097,700.00	13,823,686.80
Northwestern Bell Telephone 9.125% Due 12-30	12,500,000	11,937,500.00	13,241,250.00
Northwestern Bell Telephone 7.5% Due 04-05	5,000,000	4,877,050.00	4,925,950.00
Northwestern Bell Telephone 8.625% Due 06-12	12,500,000	10,904,542.45	12,655,875.00
Ohio Edison Co. 8.125% Due 09-03	3,000,000	3,026,018.57	3,009,120.00
Oklahoma Gas & Electric Co. 8.375% Due 01-07	6,000,000	6,078,904.12	6,278,940.00
Oklahoma Gas & Electric Co. 8.625% Due 01-06	3,250,000	3,035,671.38	3,379,577.50
Old Dominion Electric Coop. 8.76% Due 12-22	15,000,000	15,000,000.00	15,266,700.00
Pacific Bell Co. 8.75% Due 08-25	35,000,000	34,216,826.59	35,985,950.00
Pacific Gas & Electric Co. 9% Due 08-19	20,000,000	19,113,290.00	20,427,600.00
Pacific Gas & Electric Co. 6.91% Due 06-97	2,500,000	2,500,000.00	2,500,000.00
Pacific Gas & Electric Co. 7.75% Due 06-05	3,500,000	3,485,090.00	3,476,480.00
Pacific Gas & Electric Co. 8.25% Due 09-08	10,000,000	8,834,442.67	10,332,000.00
Pacific Gas & Electric Co. 7.875% Due 03-02	2,500,000	2,475,225.00	2,540,850.00
Pacific Northwest Bell Tele. 8.625% Due 04-26	22,000,000	20,043,494.44	22,071,940.00
Pacific Telephone & Telegraph 7.625% Due 06-09	5,000,000	4,677,477.65	4,857,750.00
Paramount Communications Inc. 7.5% Due 01-02	8,900,000	8,365,911.00	8,656,318.00
Pennsylvania Power & Light 8.5% Due 05-22	25,000,000	24,946,000.00	24,746,000.00
Potomac Edison Co. 8.875% Due 08-21	11,000,000	10,923,000.00	11,328,460.00
Public Service Co. of Indiana 8.125% Due 10-07	2,000,000	1,790,862.76	2,005,520.00
Public Service Elec. & Gas 7.5% Due 04-02	5,000,000	4,614,900.00	4,904,050.00



**UTILITIES (cont.)**

	<b>Par Value</b>	<b>Cost Value</b>	<b>Market Value</b>
Public Svc. Elec. & Gas Co. 9.125% Due 03-16	\$ 9,935,000	\$ 9,719,112.45	\$ 10,466,621.85
Public Svc. Elec. & Gas Co. 8.25% Due 06-07	11,000,000	10,373,990.00	11,398,530.00
Public Svc. Elec. & Gas Co. 8.75% Due 11-21	10,000,000	9,956,800.00	10,164,900.00
Puget Sound Pwr. & Lt. Co. 7.75% Due 02-07	14,875,000	14,875,000.00	14,593,713.75
San Diego Gas & Elec. Co. 8.5% Due 04-22	12,500,000	12,432,250.00	12,372,875.00
San Diego Gas & Elec. Co. 7.625% Due 06-02	10,000,000	9,882,150.00	10,063,300.00
South Central Bell Telephone 8.25% Due 11-15	7,500,000	7,066,442.36	7,390,425.00
Southern Bell Telephone 8.25% Due 04-16	26,500,000	24,613,891.08	26,380,485.00
Southern California Edison Co. 8.625% Due 04-19	22,000,000	20,362,779.04	22,154,880.00
Southern California Gas Co. 7.625% Due 09-97	10,000,000	9,419,474.56	10,172,600.00
Southern New England Tele. 8.7% Due 08-31	9,000,000	8,986,500.00	9,105,120.00
Southern New England Tele. 8.625% Due 08-26	21,000,000	19,329,219.14	21,091,350.00
Southwestern Bell 7.875% Due 11-99	3,000,000	3,000,000.00	3,071,040.00
Southwestern Bell Telephone 8.25% Due 04-17	29,000,000	26,686,788.90	28,269,780.00
Texas New Mexico Power Co. 10% Due 07-17	15,000,000	14,929,557.34	12,771,900.00
U S West Communications 8.875% Due 06-31	25,000,000	24,139,500.00	25,785,250.00
Union Electric Co. 9.375% Due 03-16	20,000,000	19,951,506.91	21,151,800.00
Utah Power & Light Co. 8.25% Due 09-07	5,500,000	4,938,475.53	5,700,860.00
Utah Power & Light Co. 8.75% Due 12-16	5,500,000	5,231,875.00	5,588,220.00
Virginia Electric & Power 9.75% Due 02-19	16,000,000	15,815,941.49	17,172,160.00
West Texas Utilities Co. 9.25% Due 12-19	10,000,000	9,562,318.26	10,468,800.00
Wisconsin Electric Power Co. 8.375% Due 12-26	25,000,000	24,325,250.00	24,397,000.00
Wisconsin Power & Light 9.3% Due 12-25	12,500,000	12,246,000.00	13,177,875.00
<b>Total</b>		<b>\$ 870,844,864.94</b>	<b>\$ 915,111,444.80</b>

**INDUSTRIALS**

Aluminum Co. of America 7% Due 04-11	\$ 29,800,000	\$ 25,189,181.00	\$ 25,686,706.00
American Airlines Equip. 9.71% Due 01-07	18,660,000	18,660,000.00	19,983,740.00
Amoco Co. 8.625% Due 12-16	17,500,000	17,500,000.00	18,201,575.00
Amoco Co. 7.875% Due 08-07	7,500,000	7,476,852.52	7,560,450.00
Amoco Gtd. 9.875% Due 02-16	4,500,000	4,434,705.00	5,135,625.00
Anheuser Busch Cos. 8.5% Due 03-17	22,500,000	20,574,955.90	22,634,100.00
Archer Daniels Midland Co. 7% Due 05-11	32,000,000	25,960,000.00	28,368,320.00
Arkla Inc. 8.9% Due 12-06	28,725,000	29,321,416.17	28,150,500.00
Armstrong World Inds. Inc. 8.9% Due 12-97	5,000,000	4,995,000.00	5,431,150.00
Atlantic Richfield Co. 7.75% Due 12-03	3,000,000	3,000,000.00	3,015,060.00
Atlantic Richfield Co. 8.25% Due 02-22	15,000,000	14,594,850.00	14,574,450.00
Atlantic Richfield Co. 9% Due 04-21	25,000,000	24,380,585.00	26,198,750.00
Becton Dickinson & Co. 9.25% Due 06-16	25,000,000	24,878,836.52	26,007,500.00
Browning Ferris Co. 6.75% Due 07-05	7,000,000	6,002,500.00	6,072,500.00
Browning Ferris Inds. Inc. 8.5% Due 01-17	23,000,000	21,216,245.00	22,626,480.00
Camino Energy Co. 9.97% Due 03-97	5,000,000	5,162,452.78	5,639,700.00
Campbell Soup Co. 9% Due 11-97	2,000,000	1,994,800.00	2,161,760.00
Capital Cities ABC Inc. 8.75% Due 08-21	25,000,000	24,771,750.00	25,740,250.00
Coca Cola Co. 7.75% Due 02-96	5,000,000	5,000,000.00	5,255,950.00
Continental Oil Co. Inc. 9.125% Due 11-99	2,448,000	2,444,060.25	2,483,373.60
Dayton Hudson Corp. 9.25% Due 08-11	22,500,000	22,378,275.00	24,159,150.00
Dillard Dept. Stores Inc. 7.375% Due 06-99	5,000,000	4,979,800.00	5,046,000.00
Dillard Dept. Stores Inc. 8.5% Due 06-96	2,500,000	2,491,625.00	2,645,075.00
Dow Capital Notes 8.75% Due 11-93	5,000,000	5,000,000.00	5,219,950.00
Dupont E I De Nemours & Co. 9.15% Due 04-00	10,000,000	9,902,987.50	10,782,900.00
Eastman Kodak Co. 9.2% Due 06-21	22,500,000	21,940,650.00	23,692,950.00
Eastman Kodak Co. 8.625% Due 06-16	7,650,000	7,028,437.50	7,637,377.50
Eaton Corp. 8.9% Due 08-06	5,000,000	4,981,250.00	5,339,700.00
Eaton Corp. 8.5% Due 01-17	2,000,000	1,973,629.01	1,971,520.00



## INDUSTRIALS (cont.)

	Par Value	Cost Value	Market Value
General Electric Co. 8.5% Due 05-04	\$ 2,618,000	\$ 2,618,000.00	\$ 2,681,172.34
General Mills Inc. 6.76% Due 02-97	5,000,000	4,992,500.00	5,032,800.00
General Mills Inc. 7.5% Due 06-00	5,000,000	5,000,000.00	5,021,850.00
General Mills Inc. 8.6% Due 06-22	27,000,000	26,948,700.00	27,295,110.00
Halliburton Co. 9.25% Due 04-00	1,280,000	1,275,738.34	1,297,100.80
Halliburton Corp. 8.75% Due 02-21	18,000,000	17,344,080.00	18,687,240.00
Hercules Inc. 8.5% Due 01-17	12,000,000	11,751,253.25	11,674,680.00
K Mart Corp. 8.25% Due 01-22	10,000,000	9,912,000.00	9,663,500.00
K Mart Corp. 10.5% Due 12-17	22,000,000	22,000,000.00	23,850,860.00
K Mart Corp. 7.72% Due 06-02	7,500,000	7,500,000.00	7,489,425.00
K Mart Inc. 8.13% Due 12-03	5,000,000	5,005,000.00	5,123,400.00
K Mart Notes 8.125% Due 12-06	5,000,000	4,965,350.00	5,088,900.00
Kaiser Fund Hosp. & Hlth Plan 9.55% Due 07-05	10,060,000	10,067,570.30	11,452,605.80
Kerr McGee Corp. Nt. 7% Due 11-11	25,000,000	12,942,366.88	21,509,000.00
Kraft Inc. New Deb. 8.5% Due 02-17	8,500,000	8,417,125.87	8,507,140.00
Limited Inc. Nt. 9.125% Due 02-01	5,000,000	4,964,500.00	5,396,650.00
Martin Marietta Co. 7% Due 03-11	20,000,000	17,766,720.00	17,340,800.00
May Department Stores Co. 10.625% Due 11-10	17,000,000	16,977,390.00	20,243,260.00
May Department Stores Co. 9.125% Due 12-16	15,000,000	15,000,000.00	15,494,400.00
McKesson Corp. 8.625% Due 02-98	5,000,000	4,975,000.00	5,382,150.00
North American Philips Corp. 8.75% Due 03-17	20,000,000	19,878,004.27	19,810,400.00
Oxy Oil & Gas USA Inc. 9.75% Due 10-00	4,459,000	4,443,441.40	4,549,294.75
Penney J C Co. Inc. 6% Due 05-06	25,950,000	17,742,438.00	21,592,995.00
Pennzoil Co. Sf. 12.25% Due 12-07	8,500,000	8,425,450.89	9,046,040.00
Philip Morris Inc. SF 8.375% Due 01-17	3,000,000	2,945,168.23	2,972,760.00
Phillips Petroleum Co. SF 8.875% Due 11-00	5,000,000	5,000,000.00	5,091,350.00
PPG Inds. Inc. 9% Due 05-21	15,000,000	14,800,500.00	15,760,200.00
Proctor & Gamble Co. 8.125% Due 01-17	20,000,000	19,732,324.75	19,649,200.00
RJR Nabisco Inc. 8.375% Due 02-17	24,000,000	23,385,640.65	23,823,360.00
Sears Roebuck & Co. 7.17% Due 01-97	5,000,000	5,003,350.00	5,043,750.00
Sears Roebuck & Co. 8.8% Due 01-02	5,000,000	5,000,000.00	5,019,500.00
Sears Roebuck & Co. 9.1% Due 02-12	17,500,000	17,500,000.00	18,593,750.00
Sears Roebuck & Co. 7% Due 11-01	25,000,000	14,562,805.49	23,244,500.00
Service Corp. International 10% Due 10-18	25,000,000	25,000,000.00	27,750,000.00
Smithkline Beckman Corp. 8.75% Due 07-94	2,000,000	1,997,339.30	2,005,280.00
Sun Co. Inc. 7.125% Due 05-02	1,496,000	1,486,275.04	1,419,344.96
Temple Inland Inc. 8.125% Due 12-06	19,050,000	18,898,063.50	18,897,219.00
Tennessee Gas Pipeline Co. 8.375% Due 04-02	7,500,000	7,486,509.02	7,397,250.00
Tennessee Gas Pipeline Co. 8.875% Due 04-03	5,000,000	4,990,446.57	5,100,400.00
Texaco Cap. Inc. Notes 9% Due 11-97	5,000,000	5,008,894.05	5,464,900.00
Texaco Cap. Inc. Notes 9% Due 11-97	3,500,000	3,500,000.00	3,825,430.00
Texaco Inc. 8.5% Due 04-06	2,553,000	2,537,611.72	2,624,458.47
Texas Instruments 8.75% Due 04-07	4,000,000	4,000,000.00	4,209,080.00
Texasgulf Inc. 9.375% Due 12-00	9,988,000	9,979,746.18	9,488,600.00
Toys R Us Inc. 8.75% Due 09-21	12,500,000	12,500,000.00	13,036,875.00
Toys R Us Inc. SF 8.25% Due 02-17	2,500,000	2,460,625.00	2,468,250.00
Union Carbide Corp. 8.5% Due 01-05	3,000,000	3,000,000.00	2,937,180.00
Union Oil Co. of California 8.625% Due 03-06	7,500,000	7,454,629.63	7,706,475.00
Wal Mart Stores Inc. 10.875% Due 08-00	20,000,000	20,000,000.00	23,020,000.00
Walgreen Co. SF 9.5% Due 07-16	25,000,000	24,939,077.88	25,988,500.00
Weyerhaeuser Co. SF 8.9% Due 11-04	5,000,000	5,000,000.00	5,144,850.00
Woolworth Corp. Deb. 8.5% Due 01-22	13,750,000	13,670,937.50	13,640,137.50
Xerox Corp. SF Deb. 8.625% Due 11-99	6,000,000	5,990,541.74	6,080,340.00
<b>Total</b>		<b>\$ 916,977,959.60</b>	<b>\$ 978,056,276.12</b>



**TRANSPORTATION**

General American Trans. Corp. 8.15% Due 06-97  
 Greater Orlando Fl. Aviation Auth. 8% Due 10-00  
 Minneapolis & St. Paul Mn. Met. 8.95% Due 01-22  
 Norfolk & Western Railway Co. 8.125% Due 11-03  
 Norfolk & Western Railway Co. 8.125% Due 11-04  
 Norfolk Southern 7.75% Due 08-03  
 Norfolk Southern 9% Due 03-21  
 Ryder Systems Inc. 9.87% Due 06-95  
 Southern Railway Co. 8.5% Due 10-01  
 Union Pacific Corp. 8.4% Due 03-01  
 Union Pacific Corp. 7.875% Due 02-02  
 Union Pacific Corp. Equip. 9% Due 06-99  
 Union Pacific Corp. Nt. 8.625% Due 05-22  
 Union Pacific Corp. S F 8.5% Due 01-17  
 Union Tank Car Co. Equip. Tr. 8.2% Due 01-94

**Total****Par Value**

\$ 1,924,000  
 6,925,000  
 15,000,000  
 3,420,000  
 3,000,000  
 2,000,000  
 9,000,000  
 2,800,000  
 7,500,000  
 7,000,000  
 3,000,000  
 5,000,000  
 15,000,000  
 21,000,000  
 953,000

**Cost  
Value**

\$ 1,924,000.00  
 6,882,619.00  
 14,873,400.00  
 3,344,173.36  
 2,929,850.01  
 1,932,100.00  
 8,771,670.00  
 2,800,000.00  
 7,405,651.00  
 7,000,000.00  
 3,000,000.00  
 4,953,100.00  
 14,886,750.00  
 19,334,600.00  
 953,000.00  
**\$ 100,990,913.37**

**Market  
Value**

\$ 1,938,872.52  
 6,959,625.00  
 15,187,500.00  
 3,566,478.60  
 3,135,450.00  
 2,030,400.00  
 9,587,340.00  
 3,064,852.00  
 7,670,475.00  
 7,117,600.00  
 3,018,240.00  
 5,294,550.00  
 14,986,800.00  
 20,909,910.00  
 987,098.34  
**\$ 105,455,191.46**

**MISCELLANEOUS**

Alltank Equipment Corp. 7.9% Due 08-92  
 Androck Pptys. Inc. Secd. Nts. 8% Due 01-97  
 Ashref Inc. Secd. Nts. 9.75% Due 07-01  
 Bancofcal Building Corp. Secd. 4.6% Due 06-93  
 Bancofcal Building Corp. Secd. 6.25% Due 06-93  
 BP America Notes 8.875% Due 12-97  
 Colonial Pipeline Co. Ser. 9.95% Due 06-02  
 Engledale Inc. Secd. 5.75% Due 02-99  
 Enilpac Corp. Secd. Nts. 6.25% Due 09-92  
 Five Seventy Five (575) Market 7.6% Due 07-08  
 Flying Cloud Pptys. Inc. Secd. 7.75% Due 09-94  
 Fourth Swansea Prop. Inc. 6.375% Due 02-93  
 FPL Group Capital Inc. 8.875% Due 03-17  
 Geico Pptys. Inc. Secd. 8.25% Due 06-04  
 Gemstone Corp. Secd. 7.5% Due 09-94  
 Gemstone of Del Inc. Secd. 8.125% Due 09-04  
 Lowes Corp. Sr Sf 9% Due 03-16  
 Manitoba Prov. Cda. 8% Due 04-02  
 Ontario Province Canada 7.75% Due 06-02  
 Ryder System Inc. Sf. 8.375% Due 02-17  
 Second Banbury Properties Inc. 6.6% Due 01-93  
 Waynesdale Inc. Secd. Nts. 6.875% Due 01-00

**Total**

\$ 38,114  
 798,098  
 1,955,212  
 144,550  
 209,327  
 2,900,000  
 3,660,000  
 558,906  
 38,806  
 2,621,000  
 966,984  
 160,393  
 10,000,000  
 3,418,343  
 92,102  
 655,250  
 4,500,000  
 9,250,000  
 5,800,000  
 17,500,000  
 169,150  
 942,745

\$ 38,113.62  
 798,098.39  
 1,955,212.31  
 144,549.98  
 209,326.69  
 2,887,240.00  
 3,660,000.00  
 558,906.17  
 38,805.96  
 2,621,000.00  
 966,983.58  
 160,393.09  
 9,126,300.00  
 3,418,342.52  
 92,101.96  
 655,250.00  
 4,368,600.00  
 9,206,062.50  
 5,770,188.00  
 16,987,978.05  
 169,149.60  
 942,745.48  
**\$ 64,775,347.90**

\$ 38,113.62  
 798,098.39  
 1,955,212.31  
 144,549.98  
 209,326.69  
 3,155,490.00  
 3,660,000.00  
 558,906.17  
 38,805.96  
 2,621,000.00  
 966,983.58  
 160,393.09  
 10,287,700.00  
 3,418,342.52  
 92,101.96  
 655,250.00  
 4,547,385.00  
 9,409,932.50  
 5,782,600.00  
 16,516,025.00  
 169,149.60  
 942,745.48  
**\$ 66,129,111.85**

**CORPORATE BONDS—PRIVATE ISSUE  
UTILITIES**

General Tel. Co. Northwest Inc. 7.125% Due 06-99  
 General Telephone Co. Mo. 4.75% Due 05-95  
 General Telephone Co. Pa. 4.5% Due 08-92  
 Salt Grass Pwr. Inc. Secd. 8.5% Due 01-98  
 St. Louis County Water Co. 6.25% Due 06-97  
 United Telephone Co. Missouri 5.625% Due 05-97  
 United Telephone Co. of Mo. 7.5% Due 04-99  
 United Telephone Co. Penn. 6.25% Due 11-96

**Total**

\$ 2,500,000  
 750,000  
 700,000  
 1,781,434  
 1,000,000  
 751,000  
 1,517,000  
 750,000

\$ 2,500,000.00  
 750,000.00  
 699,248.22  
 1,781,433.68  
 1,000,000.00  
 751,000.00  
 1,517,000.00  
 750,000.00  
**\$ 9,748,681.90**

\$ 2,500,000.00  
 750,000.00  
 699,248.22  
 1,781,433.68  
 1,000,000.00  
 751,000.00  
 1,517,000.00  
 750,000.00  
**\$ 9,748,681.90**



	Par Value	Cost Value	Market Value
<b>INDUSTRIALS</b>			
American Telephone & Telegraph 7.5% Due 06-03	\$ 1,920,000	\$ 1,920,000.00	\$ 1,920,000.00
Continental Oil Co. 8% Due 12-98	3,000,000	3,000,000.00	3,000,000.00
Heinz, H J Co. Nts. 6.625% Due 10-92	90,000	90,000.00	90,000.00
Jones & Laughlin Steel Corp. 4.75% Due 04-87	1,000,000	999,662.47	999,662.47
NAB Properties Inc. Coll. Tr. 7.5% Due 09-03	1,905,568	1,905,567.78	1,905,567.78
Pipco Corp. Coll. Tr. Notes 6.75% Due 06-00	1,352,794	1,352,794.39	1,352,794.39
Rohm & Haas Co. Prom. Notes 8% Due 01-99	1,750,000	1,750,000.00	1,750,000.00
Texaco Inc. Note 7.65% Due 06-03	3,100,000	3,100,000.00	3,100,000.00
<b>Total</b>		<b>\$ 14,118,024.64</b>	<b>\$ 14,118,024.64</b>
<b>FINANCE</b>			
One Wall Street Corp. Sec. 4.5% Due 01-93	\$ 57,599	\$ 57,598.65	\$ 57,598.65
PHL Funding I Inc. 9.25% Due 07-16	4,545,830	3,979,010.46	3,979,010.46
Wells Fargo & Co. Prom. Not. 8.625% Due 11-98	3,087,500	3,087,500.00	3,087,500.00
<b>Total</b>		<b>\$ 7,124,109.11</b>	<b>\$ 7,124,109.11</b>
<b>TRANSPORTATION</b>			
General American Transn. Corp. 8.5% Due 03-94	\$ 326,000	\$ 326,000.00	\$ 326,000.00
Missouri Pac RR Co. Con. 9% Due 03-94	995,937	995,937.08	995,937.08
<b>Total</b>		<b>\$ 1,321,937.08</b>	<b>\$ 1,321,937.08</b>

## GNMA Mortgage Pools

	Amortized Cost	Market Value
8.75%-12.5% GNMA Loans	\$895,793,648.18	\$975,043,111.05

## FHA/VA Mortgages

	Amortized Cost	Market Value
4.75%-5.62% FHA/VA Loans *No market quotations available	\$1,321,401.95	\$1,321,401.95

## Temporary

	Amortized Cost	Market Value
Temporary Investments	\$502,995,145.00	\$502,995,145.00



**COMMON STOCKS**

A P Green Industries Inc.  
 Abbott Laboratories  
 Acxiom Corp.  
 Aerovox Inc.  
 Aetna Life & Casualty Co.  
 Aetna Life & Casualty Co.  
 Ahmanson H F & Co.  
 Air Products & Chemicals Inc.  
 Akzo N V Sponsored ADR  
 Alberto Culver Co. Clas B Convertible  
 Albertsons Inc.  
 Allied Signal Inc.  
 Amax Gold Inc.  
 American Cyanamid Co.  
 American Electric Power Co. Inc.  
 American Express Co.  
 American Greetings Corp.  
 American Home Products Corp.  
 American International Group Inc.  
 American International Group Inc.  
 American Telephone & Telegraph Co.  
 Amoco Corp.  
 Amoco Corp.  
 AMP Inc.  
 AMP Inc.  
 Angelica Corp.  
 Anheuser Busch Companies Inc.  
 Anheuser Busch Companies Inc.  
 Anheuser Busch Companies Inc.  
 Apple Computer Inc.  
 Archer Daniels Midland Co.  
 Armstrong World Industries Inc.  
 Atlantic Richfield Co.  
 Automatic Data Processing Inc.  
 Automatic Data Processing Inc.  
 Avery Dennison Corp.  
 Avon Products Inc.  
 Baldor Electric Co.  
 Banc One Corp.  
 Bandag Inc.  
 Bankers Trust New York Corp.  
 Baxter International Inc.  
 Becton Dickinson & Co.  
 Bell Atlantic Corp.  
 Bellsouth Corp.  
 Beverly Enterprises Inc.  
 BHA Group Inc.  
 Black & Decker Corp.  
 Block H & R Inc.  
 Block H & R Inc.  
 Boatmens Bancshares Inc.  
 Bob Evans Farms Inc.  
 Boise Cascade Corp.  
 Borden Inc.  
 Borden Inc.  
 Borland International Inc.  
 Brown Group Inc.

Accumulated Shares	Cost Value	Market Value
10,000	\$ 254,812.50	\$ 157,500.00
300,000	2,185,410.50	8,925,000.00
7,500	110,625.00	112,500.00
15,000	44,400.00	75,000.00
200,000	9,417,325.30	8,275,000.00
134,900	6,430,215.51	5,581,487.50
304,800	5,482,940.64	5,105,400.00
114,600	2,900,473.91	4,870,500.00
150,000	6,220,912.50	6,487,500.00
6,000	135,667.50	130,500.00
90,000	2,381,625.00	3,757,500.00
102,000	3,901,575.15	5,482,500.00
4,000	42,320.00	43,500.00
153,600	2,818,402.74	8,544,000.00
130,795	3,818,494.28	4,169,090.63
300,000	3,786,275.00	6,975,000.00
200,000	6,911,675.00	8,575,000.00
240,000	5,794,506.48	17,160,000.00
73,100	5,906,926.65	6,478,487.50
50,000	4,211,911.54	4,431,250.00
132,600	5,652,343.50	5,701,800.00
360,000	12,359,502.06	17,190,000.00
100,000	4,950,212.90	4,775,000.00
110,000	5,223,982.50	5,926,250.00
85,000	4,691,413.00	4,579,375.00
12,000	328,244.22	357,000.00
500,000	3,731,226.78	27,750,000.00
89,500	4,351,813.50	4,967,250.00
1,500	66,972.34	83,250.00
155,000	6,383,625.00	7,440,000.00
200,000	4,402,445.41	4,725,000.00
300,000	5,692,750.00	8,962,500.00
150,000	9,949,956.50	16,162,500.00
100,000	2,050,012.50	4,275,000.00
100,000	3,167,788.00	4,275,000.00
75,000	1,790,172.73	2,006,250.00
27,500	2,073,278.45	1,409,375.00
12,000	251,366.50	294,000.00
219,205	6,284,713.50	10,001,228.13
700	27,974.62	45,150.00
100,000	5,663,255.10	5,875,000.00
50,000	1,421,987.50	1,818,750.00
170,000	10,386,443.80	12,665,000.00
100,000	4,828,425.00	4,450,000.00
60,000	2,884,949.50	2,962,500.00
15,000	119,025.00	118,125.00
12,600	166,215.03	220,500.00
253,600	6,083,698.50	5,674,300.00
50,000	1,575,774.88	1,706,250.00
4,000	53,353.47	136,500.00
2,500	83,406.25	125,312.50
73,333	760,285.79	1,255,827.63
127,500	3,755,513.86	2,326,875.00
550,000	3,757,392.59	16,775,000.00
50,000	1,639,140.60	1,525,000.00
117,000	8,006,094.70	4,826,250.00
172,800	2,007,698.00	3,931,200.00



**COMMON STOCKS (Cont.)**

	Accumulated Shares	Cost Value	Market Value
Brown Group Inc.	22,500	\$ 809,852.00	\$ 511,875.00
Brown Group Inc.	10,000	319,741.05	227,500.00
Browning Ferris Industries Inc.	550,000	3,493,275.84	12,100,000.00
Browning Ferris Industries inc.	275,000	6,927,385.00	6,050,000.00
Brunswick Corp.	329,304	1,035,393.29	4,816,071.00
Brush Wellman Inc.	310,500	5,734,694.93	5,123,250.00
Burlington Resources Inc.	175,000	6,151,773.82	7,021,875.00
Butler Manufacturing Co.	10,000	218,160.16	120,000.00
C I G N A Corp.	81,250	3,408,225.00	4,529,687.50
C P I Corp.	12,000	323,097.70	261,000.00
C S X Corp.	70,000	2,557,165.62	4,436,250.00
Campbell Soup Co.	100,000	3,295,664.08	3,612,500.00
Capital Cities ABC Inc.	32,500	4,614,190.00	14,844,375.00
Carolina Power & Light Co.	100,000	3,101,741.76	5,050,000.00
Caseys General Stores Inc.	9,000	108,800.00	135,000.00
Central & Southwest Corp.	200,000	2,486,423.98	5,650,000.00
Central Coal & Coke Corp.	2,000	53,994.25	53,250.00
Champion International Corp.	55,000	1,876,875.00	1,512,500.00
Chase Manhattan Corp.	17,700	376,742.50	488,962.50
Chemical Waste Mgmt. Inc.	200,000	3,999,278.57	3,375,000.00
Chrysler Corp.	126,600	1,657,939.90	2,674,425.00
Chubb Corp.	95,400	4,942,011.50	6,773,400.00
Chubb Corp.	75,000	5,155,863.20	5,325,000.00
Circuit City Stores Inc.	166,200	3,195,939.38	5,131,425.00
Circus Circus Enterprises Inc.	110,600	3,594,510.03	4,617,550.00
Clarcor Inc.	20,000	332,450.00	367,500.00
Clorox Co.	172,500	6,689,572.39	7,827,187.50
Clorox Co.	100,000	4,007,383.40	4,537,500.00
CMS Energy Corp	112,700	3,515,438.00	1,789,112.50
Coastal Corp.	132,800	4,378,577.22	3,303,400.00
Comcoa Inc.	9,000	98,742.50	117,000.00
Commerce Bancshares Inc.	3,000	60,600.00	109,500.00
Commerce Clearing House Inc.	10,000	160,000.00	135,000.00
Commonwealth Edison Co.	95,700	3,226,955.09	2,548,012.50
Compaq Computer Corp.	140,000	3,779,748.00	3,482,500.00
Computer Associates Intl. Inc.	400,700	3,055,870.90	4,608,050.00
Conagra Inc.	200,000	5,469,875.36	5,225,000.00
Consolidated Rail Corp.	68,000	3,009,639.20	6,145,500.00
Cooper Industries Inc.	166,500	3,615,995.67	7,679,812.50
Cooper Industries Inc.	15,000	646,374.49	691,875.00
Cyprus Minerals Co.	7,500	38,171.94	213,750.00
Cyprus Minerals Co.	6,000	121,980.00	171,000.00
Data Transmission Network Corp.	14,000	173,000.00	185,500.00
Dayton Hudson Corp.	101,500	6,032,099.80	6,800,500.00
Deere & Co.	80,000	4,353,924.37	3,410,000.00
Dekalb Genetics Corp.	10,000	311,500.00	280,000.00
Deluxe Corp.	100,000	3,921,560.00	4,250,000.00
Digital Equipment Corp.	145,000	12,983,142.50	5,020,625.00
Digital Equipment Corp.	125,000	8,180,178.77	4,328,125.00
Dillard Department Stores Inc.	60,000	2,451,600.00	2,212,500.00
Dominion Resources Inc.	149,499	3,807,724.23	5,718,336.75
Dominion Resources Inc.	112,500	3,552,037.50	4,303,125.00
Donnelley R R & Sons Co.	2,500	116,795.00	135,312.50
Dover Corp.	50,000	1,841,590.42	2,018,750.00
Dow Chemical Co.	50,000	1,841,590.42	2,018,750.00
Dow Chemical Co.	80,000	3,165,967.31	4,610,000.00
Dow Chemical Co.	48,000	3,128,032.50	2,766,000.00



**COMMON STOCKS (Cont.)**

Du Pont E I De Nemours & Co.  
 Dun & Bradstreet Corp.  
 Eastman Kodak Co.  
 Eastman Kodak Co.  
 Eaton Corp.  
 Ecolab Inc.  
 Edwards A G Inc.  
 Eljer Industries Inc.  
 Emerson Electric Co.  
 Emerson Electric Co.  
 Emerson Electric Co.  
 Empire District Electric Co.  
 Engelhard Corp.  
 Engineered Support System Inc.  
 Enserch Corp.  
 Enserch Exploration Partners Ltd.  
 Esco Electronics Corp.  
 Exabyte Corp.  
 Exxon Corp.  
 Exxon Corp.  
 Fansteel Inc.  
 Federal Home Loan Mortgage Corp.  
 Federal National Mortgage Assn.  
 Federal National Mortgage Assn.  
 Federal Signal Corp.  
 First Interstate Bancorp  
 Fleming Companies Inc.  
 Flexsteel Inds Inc.  
 FPL Group Inc.  
 FPL Group Inc.  
 G T E Corp.  
 Gannett Co. Inc.  
 General Electric Co.  
 General Electric Co.  
 General Motors Corp.  
 General Motors Corp.  
 General Motors Corp.  
 General Motors Corp.  
 General RE Corp.  
 General RE Corp.  
 Genuine Parts Co.  
 Georgia Pacific Corp.  
 Goodrich B F Co.  
 Goodyear Tire & Rubber Co.  
 Grainger W W Inc.  
 Great Western Financial Corp.  
 Green Tree Financial Corp.  
 Gulf States Utilities Co.  
 Halliburton Co.  
 Halliburton Co.  
 Harmon Industries Inc.  
 Harris Corp.  
 Helmerich & Payne Inc.  
 Hercules Inc.  
 Hewlett Packard Co.  
 Household International Inc.  
 Houston Industries Inc.

**Accumulated  
Shares****Cost  
Value****Market  
Value**

60,000	\$ 2,636,332.85	\$ 3,030,000.00
85,000	4,041,064.30	4,813,125.00
200,000	9,500,342.52	8,025,000.00
110,000	4,768,773.50	4,413,750.00
72,500	4,306,769.31	5,790,937.50
75,000	1,954,500.00	2,446,875.00
3,000	60,615.00	61,125.00
27,000	455,065.42	212,625.00
375,000	7,634,603.65	18,281,250.00
100,000	4,168,969.19	4,875,000.00
4,000	144,997.50	195,000.00
3,000	43,197.00	69,000.00
75,000	1,537,438.50	3,037,500.00
12,000	91,437.50	22,500.00
150,000	3,484,657.62	2,250,000.00
4,050	57,881.28	29,868.75
16,650	80,128.13	114,468.75
4,000	115,000.00	127,500.00
320,000	5,176,075.00	19,800,000.00
50,000	2,476,340.00	3,093,750.00
8,000	52,298.70	51,000.00
138,600	2,856,494.58	5,509,350.00
400,000	2,468,187.99	24,400,000.00
101,500	4,083,957.99	6,191,500.00
4,500	68,115.00	84,937.50
144,700	4,964,940.56	5,950,787.50
5,000	169,025.00	171,875.00
7,000	79,125.00	85,750.00
120,000	1,832,039.97	4,185,000.00
125,000	3,833,900.00	4,359,375.00
180,000	2,124,571.29	5,737,500.00
20,000	816,600.00	887,500.00
200,000	5,635,612.50	15,550,000.00
30,000	1,854,369.45	2,332,500.00
40,000	149,750.23	1,120,000.00
11,000	174,774.12	284,625.00
240,000	7,002,015.40	10,560,000.00
99,700	4,024,503.18	4,386,800.00
100,000	8,976,898.40	8,475,000.00
30,000	2,640,420.00	2,542,500.00
97,500	2,694,050.41	3,120,000.00
122,855	4,180,867.14	7,524,868.75
13,200	542,132.92	625,350.00
87,500	4,449,835.64	6,004,687.50
75,000	3,567,330.00	3,459,375.00
158,000	3,216,850.00	2,666,250.00
189,100	6,065,790.20	6,240,300.00
100,000	2,091,579.50	1,525,000.00
180,000	6,930,160.00	4,792,500.00
175,000	6,580,135.71	4,659,375.00
3,000	16,950.00	22,500.00
180,000	6,567,973.00	4,950,000.00
17,000	373,860.00	393,125.00
100,000	3,596,567.26	5,275,000.00
75,550	5,847,835.38	5,203,506.25
135,000	4,073,189.26	6,783,750.00
52,500	1,382,339.97	2,303,437.50



**COMMON STOCKS (Cont.)**

	<b>Accumulated Shares</b>	<b>Cost Value</b>	<b>Market Value</b>
Humana Inc.	100,000	\$ 2,851,638.68	\$ 2,112,500.00
I T T Corp.	150,000	7,515,129.10	9,712,500.00
IBP Inc.	333,500	5,968,159.90	6,253,125.00
IBP Inc.	15,000	239,345.00	281,250.00
Illinois Power Co.	50,000	1,663,583.47	1,137,500.00
IMC Fertilizer Group Inc.	119,400	6,228,736.60	5,119,275.00
IMO Industries Inc.	40,000	167,282.23	475,000.00
Insituform Mid America	10,000	54,393.74	170,000.00
Intel Corp.	125,700	4,877,796.10	7,164,900.00
Intel Corp.	50,000	2,134,507.33	2,850,000.00
International Business Machines Corp.	120,000	9,921,706.72	11,745,000.00
International Business Machines Corp.	33,000	3,859,310.50	3,229,875.00
International Business Machines Corp.	55,000	5,558,232.04	5,383,125.00
International Paper Co.	100,000	4,387,908.33	6,987,500.00
Isco Inc.	15,000	160,012.50	285,000.00
Jones Medical Inds Inc.	33,700	193,022.66	252,750.00
K N Energy Inc.	10,000	236,675.80	242,500.00
K-Mart Corp.	320,000	4,768,732.03	7,360,000.00
K-Mart Corp.	239,000	5,002,630.38	5,497,000.00
Kansas City Life Insurance Co.	4,500	133,208.34	186,750.00
Kansas City Power & Light Co.	231,000	2,585,440.25	5,082,000.00
Kansas City Power & Light Co.	3,000	44,388.00	66,000.00
Kansas City Southern Industries Inc.	2,000	40,135.36	70,000.00
Kellwood Co.	1,500	24,216.75	41,250.00
Kerr McGee Corp.	5,000	211,807.50	200,000.00
Keycorp.	189,000	4,497,733.94	6,118,875.00
Laclede Gas Co.	99,420	1,053,823.05	3,516,982.50
Laclede Gas Co.	7,000	204,549.17	247,625.00
Laclede Steel Co.	10,000	162,937.50	155,000.00
Lance Inc.	55,000	1,210,000.00	1,292,500.00
Lawter International Inc.	9,000	118,845.00	114,750.00
Lee Enterprises Inc.	6,500	146,457.50	177,125.00
Leggett & Platt Inc.	4,000	59,635.00	96,000.00
Leisure Technology Inc.	100,000	1,402,758.40	15,600.00
Limited Inc.	206,400	5,071,284.08	4,695,600.00
Lincoln National Corp.	107,500	5,346,201.53	6,611,250.00
Liz Claiborne Inc.	75,000	2,788,949.70	2,643,750.00
Loews Corp.	53,400	5,822,458.40	5,954,100.00
Lowes Companies Inc.	267,200	4,079,967.22	5,243,800.00
M C I Communications Corp.	170,000	4,975,371.00	5,461,250.00
Magna Group Inc.	3,675	54,212.50	50,071.88
Mapco Inc.	25,000	1,187,700.00	1,353,125.00
Mapco Inc.	2,500	120,200.00	135,312.50
Marion Merrell Dow Inc.	100,000	2,951,600.00	3,275,000.00
Masco Corp.	400,000	6,598,912.50	10,400,000.00
Masco Corp.	120,000	2,978,877.63	3,120,000.00
Masco Corp.	100,000	2,506,000.00	2,600,000.00
Masco Industries Inc.	60,000	93,750.00	750,000.00
Maverick Tube Corp.	9,000	61,345.00	45,000.00
May Department Stores Co.	250,000	2,582,048.23	13,843,750.00
May Department Stores Co.	2,500	108,004.08	138,437.50
Maytag Corp.	8,000	110,640.00	132,000.00
McDonalds Corp.	170,000	5,450,487.50	7,820,000.00
McDonalds Corp.	100,000	3,296,630.00	4,600,000.00
McGraw Hill Inc.	200,000	3,126,621.01	11,575,000.00
Mead Corp.	139,400	4,751,685.66	4,913,850.00
Medicine Shoppe International	8,000	149,375.00	190,000.00



**COMMON STOCKS (Cont.)**

	Accumulated Shares	Cost Value	Market Value
Mercantile Bancorporation Inc.	3,000	\$ 75,937.50	\$ 131,250.00
Merck & Co. Inc.	300,000	1,334,896.41	14,625,000.00
Meredith Corp.	7,000	208,310.00	191,625.00
Midwest Grain Products Inc.	1,200	20,625.00	42,300.00
Minnesota Mining & Manufacturing Co.	150,000	5,544,553.37	14,550,000.00
Minnesota Mining & Manufacturing Co.	25,000	2,251,500.00	2,425,000.00
MNX Inc.	11,000	108,862.50	88,000.00
Mobil Corp.	144,000	3,683,240.00	8,856,000.00
Monsanto Co.	3,500	153,728.04	192,937.50
Morgan J P & Co.	125,000	5,571,520.00	7,015,625.00
Morgan Stanley Group Inc.	122,100	4,238,501.67	6,120,262.50
Morrison Knudsen Corp.	220,000	5,231,739.70	4,510,000.00
Motorola Inc.	225,000	7,498,470.83	17,240,625.00
Mueller Paul Co.	7,000	150,625.00	259,000.00
Myers L E Co. Group	15,000	210,575.00	255,000.00
National Pizza Co.	13,000	101,354.32	89,375.00
National Pizza Co.	7,500	72,412.35	54,375.00
National Service Industries Inc.	439,998	2,932,819.03	10,559,952.00
National Service Industries Inc.	229,800	5,384,838.00	5,515,200.00
Nationsbank Corp.	75,000	2,099,287.50	3,571,875.00
Nationsbank Corp.	100,700	4,162,863.87	4,795,837.50
Nike Inc.	46,800	1,881,041.22	2,907,450.00
Noble Affiliates Inc.	16,000	222,569.50	238,000.00
Norwest Corp.	153,900	3,605,223.34	5,848,200.00
Occidental Petroleum Corp.	150,000	4,384,775.00	2,943,750.00
Outboard Marine Corp.	202,500	3,603,751.50	3,543,750.00
Pall Corp.	275,000	5,760,000.00	7,150,000.00
Panhandle Eastern Corp.	330,750	4,708,630.00	5,167,968.75
Penney J C Co. Inc.	90,000	2,622,227.06	6,356,250.00
Pet Inc. New	320,000	5,935,735.42	5,000,000.00
Petrolite Corp.	15,000	380,312.50	423,750.00
Pfizer Inc.	120,000	3,469,465.91	8,760,000.00
Philadelphia Electric Co.	60,870	1,440,846.15	1,605,446.25
Philip Morris Companies Inc.	51,300	2,323,565.71	3,770,550.00
Phillips Petroleum Co.	275,000	6,776,869.71	6,668,750.00
Phillips Petroleum Co.	200,000	5,124,087.50	4,850,000.00
Pioneer Hi-Bred International Inc.	60,000	2,762,149.13	4,800,000.00
Pioneer Hi-Bred International Inc.	2,000	75,745.00	160,000.00
Pitney Bowes Inc.	360,000	8,322,260.80	10,395,000.00
Pittston Co.	35,700	1,320,520.00	557,812.50
Pool Energy Services Co.	4,634	48,935.04	31,858.75
PPG Industries Inc.	130,000	5,834,382.00	8,515,000.00
PPG Industries Inc.	92,500	4,406,025.88	6,058,750.00
Promus Cos Inc.	203,700	4,231,672.34	5,805,450.00
Pulitzer Publishing Co.	6,500	171,000.00	186,875.00
Puritan Bennett Corp.	18,000	401,635.00	594,000.00
Ralston Purina Co.	400,000	2,287,300.00	18,600,000.00
Raytheon Co.	260,000	6,670,262.50	11,440,000.00
Reebok International Ltd.	234,800	7,288,877.67	5,664,550.00
Reynolds Metals Co.	100,000	6,241,224.64	5,787,500.00
Reynolds Metals Co.	104,400	5,945,936.11	6,042,150.00
RJR Nabisco Hldg.	611,200	6,306,166.00	6,035,600.00
Rubbermaid Inc.	125,000	3,901,325.64	3,671,875.00
Safety Kleen Corp.	10,000	268,800.00	277,500.00
SCE Corp.	161,200	2,323,331.43	7,133,100.00
Schwitzer Inc.	27,000	214,377.62	222,750.00
Scotsman Industries Inc.	27,000	205,609.34	239,625.00



**COMMON STOCKS (Cont.)**

	Accumulated Shares	Cost Value	Market Value
Scott Paper Co.	225,000	\$ 5,524,070.61	\$ 8,606,250.00
Scott Paper Co.	100,000	4,259,785.91	3,825,000.00
SCS Compute Inc.	11,500	68,812.51	54,625.00
Sealright Co., Inc.	12,500	270,062.50	309,375.00
Sears Roebuck & Co.	110,000	4,544,717.51	4,372,500.00
Sigma Aldrich Corp.	72,500	3,317,700.00	3,634,062.50
Southern Co.	75,000	1,748,925.83	2,615,625.00
Southwest Airlines Co.	100,000	2,395,542.00	4,287,500.00
Southwestern Bell Corp.	55,000	2,951,850.00	3,355,000.00
Southwestern Bell Corp.	1,000	51,517.50	61,000.00
Sprint Corp.	132,000	3,188,248.60	2,871,000.00
Sprint Corp.	6,000	151,246.00	130,500.00
Stanley Works	136,000	4,550,425.00	5,406,000.00
Stride Rite Corp.	50,000	1,184,250.00	1,031,250.00
Stuart Entertainment Inc.	7,000	40,055.00	59,500.00
Student Loan Marketing Association	100,000	4,326,594.40	6,850,000.00
Sundstrand Corp.	13,500	451,769.70	469,125.00
Suntrust Banks Inc.	60,000	1,462,020.00	2,430,000.00
Syntex Corp.	75,000	3,004,500.00	2,568,750.00
Tandem Computers Inc.	400,000	4,874,025.50	4,750,000.00
Tandy Corp.	100,000	2,776,300.00	2,450,000.00
Tektronix Inc.	113,600	2,991,263.42	1,988,000.00
Texas Instruments Inc.	75,000	3,073,698.21	2,634,375.00
Texas Utilities Co.	45,800	1,371,995.76	1,791,925.00
Texas Utilities Co.	75,000	2,724,450.00	2,934,375.00
Times Mirror Co.	150,000	4,482,500.00	5,025,000.00
TJX Companies Inc.	350,200	5,567,107.73	6,566,250.00
Toastmaster Inc.	9,500	123,592.50	80,750.00
Toys R Us Inc.	100,000	2,803,728.50	3,450,000.00
Transamerica Corp.	237,200	5,099,241.47	10,525,750.00
Trimas Corp.	8,000	145,000.00	175,000.00
Trinova Corp.	94,000	2,564,777.10	2,138,500.00
Trinova Corp.	75,000	1,818,607.35	1,706,250.00
U S West Inc.	60,000	2,224,710.00	2,190,000.00
Union Electric Co.	93,450	2,160,408.97	3,352,518.75
Union Electric Co.	96,000	2,586,966.00	3,444,000.00
Union Electric Co.	6,000	146,476.50	215,250.00
Union Pacific Corp.	340,000	8,685,717.80	17,042,500.00
Union Pacific Corp.	90,000	3,427,750.00	4,511,250.00
Unitog Co. New	5,000	55,125.00	83,750.00
USX Marathon Group	125,000	3,281,147.36	2,718,750.00
Utilicorp United Inc.	4,000	89,445.00	94,500.00
Valley National Corp. of Arizona	125,000	3,585,587.50	6,453,125.00
Valmont Industries Inc.	2,000	37,000.00	24,500.00
Venture Stores Inc.	32,500	62,409.20	845,000.00
W R Grace & Co. Inc.	170,000	2,927,820.29	5,780,000.00
Wachovia Corp. New	66,000	2,150,437.50	4,067,250.00
Wal Mart Stores Inc.	500,000	2,381,250.00	26,875,000.00
Walgreen Co.	50,000	1,148,625.00	1,693,750.00
Walt Disney Co.	120,000	3,539,830.80	4,335,000.00
Waste Management Inc.	145,000	5,654,647.50	4,875,625.00
Wetterau Inc.	4,500	112,625.00	117,000.00
Whirlpool Corp.	200,000	5,449,837.50	7,450,000.00
Whirlpool Corp.	173,600	6,602,016.75	6,466,600.00
Williams Companies Inc.	2,500	84,825.00	72,500.00
Winnebago Inds Inc.	10,000	64,300.00	50,000.00
Wisconsin Energy Corp.	250,000	2,528,264.34	9,968,750.00



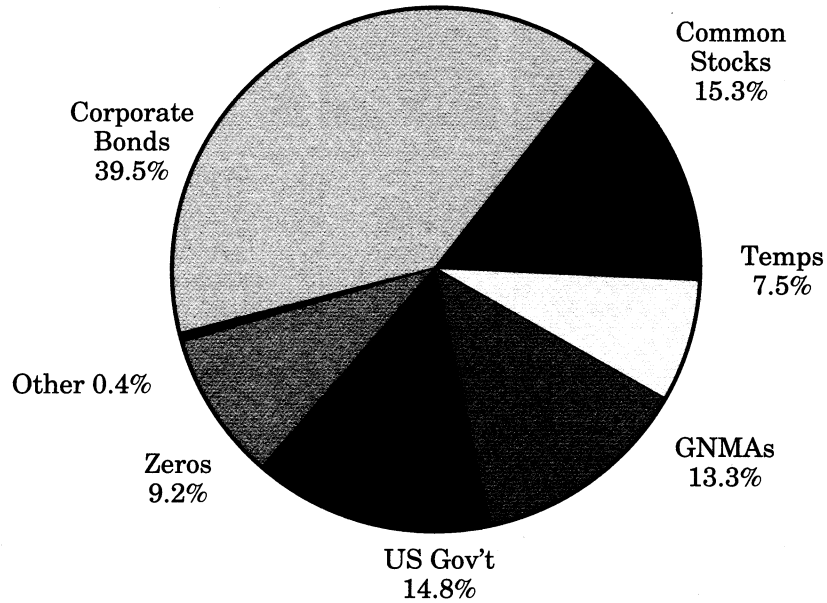
COMMON STOCKS (Cont.)	Accumulated Shares	Cost Value	Market Value
Woolworth Corp.	150,000	\$ 3,622,300.00	\$ 4,068,750.00
Woolworth Corp. Com	203,500	6,364,638.75	5,519,937.50
Worthen Banking Corp. Com	7,000	120,900.00	143,500.00
Xerox Corp.	95,000	7,488,063.00	6,626,250.00
Yellow Freight System Inc. of Delaware	145,000	4,222,643.33	3,951,250.00
Yellow Freight System Inc. of Delaware	10,000	277,303.57	272,500.00
Total Common Stock		<u>\$1,023,155,255.85</u>	<u>\$1,441,385,803.02</u>



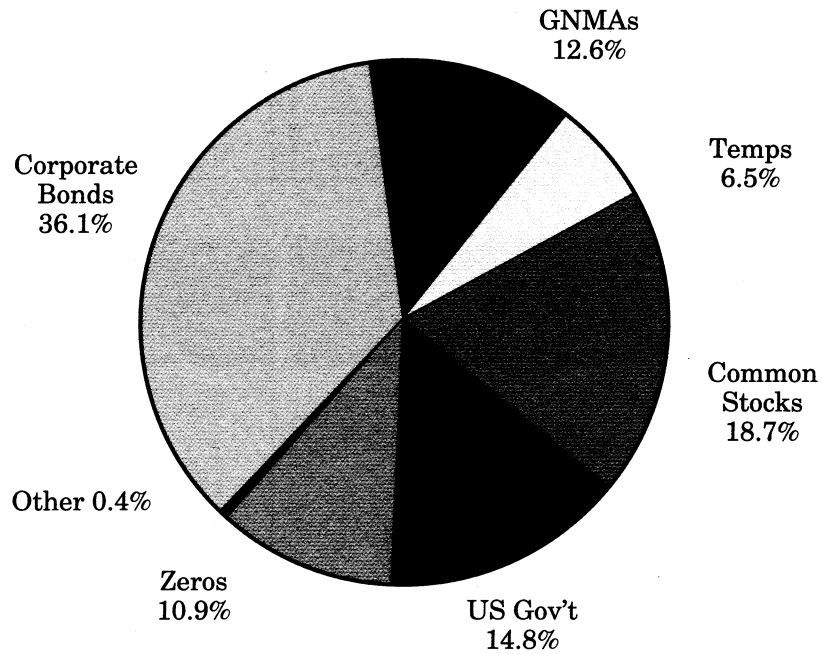
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## Allocation of Invested Assets

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Amortized Cost Value  
\$6,704,697,213  
June 30, 1992



Market Value  
\$7,721,757,036  
June 30, 1992

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**HISTORICAL TREND INFORMATION****June 30, 1992****(Dollars in Thousands)**

Valuation Date	Net Assets Available For Benefits	Pension Benefit Obligation	Percent Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percent of Covered Payroll
June 30, 1987	\$3,749,519	\$4,650,403	80.6%	\$900,884	\$1,429,429	63.0%
June 30, 1988	\$4,173,045	\$4,943,027	84.4%	\$769,982	\$1,446,485	53.2%
June 30, 1989	\$4,770,072	\$5,583,117	85.4%	\$813,045	\$1,556,775	52.2%
June 30, 1990	\$5,428,265	\$6,363,487	85.3%	\$935,222	\$1,652,719	56.6%
June 30, 1991	\$6,103,139	\$7,131,401	85.6%	\$1,028,262	\$1,750,191	58.8%
June 30, 1992	\$6,878,981	\$7,940,683	86.6%	\$1,061,702	\$1,809,458	58.7%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

**Revenues by Source (Dollars in Thousands)**

Valuation Date	Employee Contribution	Employer Contribution	Investment Income	Realized Gains on Sales	Total	Employer Contributions as a Percent of Covered Payroll
June 30, 1987	\$132,112	\$132,112	\$337,825	\$21,720	\$623,769	9.2%
June 30, 1988	\$146,849	\$146,849	\$365,023	\$29,965	\$688,686	10.2%
June 30, 1989	\$154,633	\$154,633	\$414,754	\$52,034	\$776,054	9.9%
June 30, 1990	\$164,087	\$164,087	\$462,583	\$59,541	\$850,298	9.9%
June 30, 1991	\$172,914	\$172,914	\$497,202	\$58,650	\$901,680	9.9%
June 30, 1992	\$179,604	\$179,604	\$530,379	\$129,459	\$1,019,042	9.9%

**Expenses by Type (Dollars in Thousands)**

Valuation Date	Benefits and Refunds Paid	Administrative Expenses	Total
June 30, 1987	\$150,138	\$2,120	\$152,258
June 30, 1988	\$266,431	\$2,377	\$268,808
June 30, 1989	\$180,012	\$3,357	\$183,369
June 30, 1990	\$215,429	\$3,817	\$219,246
June 30, 1991	\$229,330	\$4,800	\$234,130
June 30, 1992	\$245,365	\$5,583	\$250,948



